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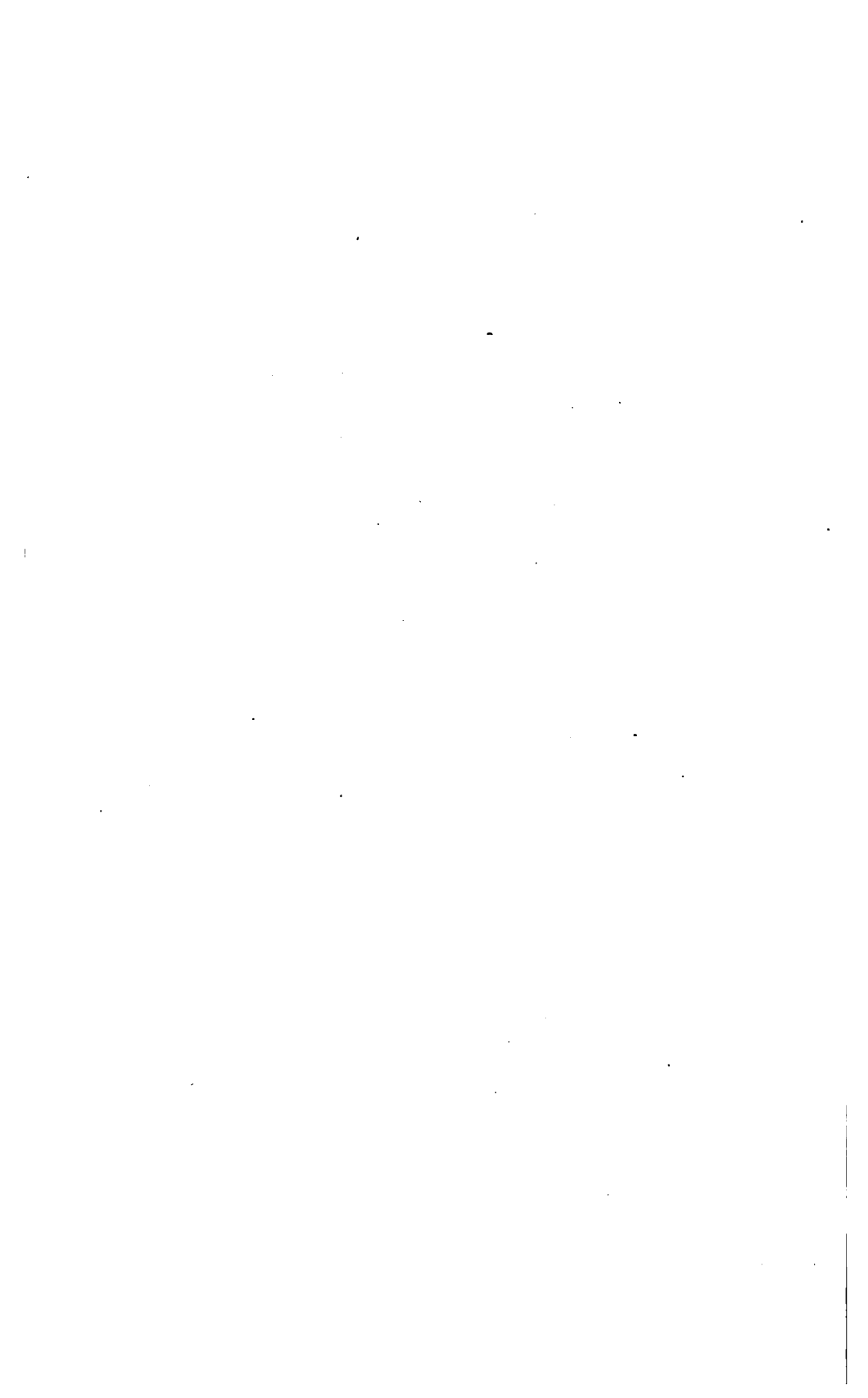


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HEARINGS

BEFORE

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U. S.
SUBCOMMITTEE OF HOUSE COMMITTEE ON APPROPRIATIONS
IN CHARGE OF DEFICIENCY APPROPRIATIONS
FOR 1907 AND PRIOR YEARS

ON

GENERAL DEFICIENCY BILL.

WASHINGTON:
GOVERNMENT PRINTING OFFICE.

1907.

1912.

1910

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SUBCOMMITTEE:

LUCIUS N. LITTAUER.

JOSEPH V. GRAFF.

JAMES A. TAWNEY.

STEPHEN BRUNDIDGE, JR.

LEONIDAS F. LIVINGSTON.

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GENERAL DEFICIENCY BILL.

HEARINGS CONDUCTED BY THE SUBCOMMITTEE, MESSRS. L. N. LITTAUER (CHAIRMAN), J. A. TAWNEY, J. B. GRAFF, S. BRUNDIDGE, JR., AND L. F. LIVINGSTON, OF THE COMMITTEE ON APPROPRIATIONS, HOUSE OF REPRESENTATIVES, IN CHARGE OF DEFICIENCIES FOR THE FISCAL YEAR 1907, AND PRIOR YEARS, ON THE DAYS FOLLOWING, NAMELY:

MONDAY, *February 25, 1907.*

TREASURY DEPARTMENT.

STATIONERY.

STATEMENT OF MR. GEORGE SIMMONS, CHIEF DIVISION OF PRINTING AND STATIONERY.

Mr. LITTAUER. For stationery for the Treasury Department and its several bureaus you ask an appropriation of \$8,000. Has this appropriation been apportioned in monthly allotments?

Mr. SIMMONS. Yes, sir.

Mr. LITTAUER. Eight months of the year have now passed?

Mr. SIMMONS. Yes, sir.

Mr. LITTAUER. Have you exceeded the apportionment?

Mr. SIMMONS. Yes, sir. We made an allotment at the beginning of the year and we found that we could not get through with the appropriation of \$30,000. We asked for a deficiency last year.

Mr. LITTAUER. Did you get the authority of the Secretary to waive the apportionment?

Mr. SIMMONS. Not in writing.

Mr. LITTAUER. Does not the law require it?

Mr. SIMMONS. That was a matter that was overlooked. We did not think it was required in writing until we examined the law closely.

Mr. LITTAUER. Did not the Auditor check you at all?

Mr. SIMMONS. No, sir. I talked with the Assistant Secretary about it and we thought that we better get along under the circumstances.

Mr. TAWNEY. What contingency happened subsequent to the making of the apportionment that necessitated your waiving that apportionment?

Mr. SIMMONS. We have to supply the material to the different offices from month to month. Perhaps it would be well to explain briefly our system. We have what is known as the reimbursement or repaying system, and we have to keep a stock on hand to meet the requisitions that come in from the customs service and all outlying services.

Mr. LITTAUER. Has there been any emergency arise during the past year in connection with the expenditures for stationery? Have you had any extraordinary demand or any loss?

Mr. SIMMONS. Yes, sir. We find that the demand is greater than it used to be—a great deal greater. If you will read the statement in my letter you will see that in some of the offices the increase has been as high as 135 per cent.

Mr. LITTAUER. The increase over last year?

Mr. SIMMONS. No; for a number of years back; six or seven years back.

Mr. TAWNEY. You have \$5,000 more than you ever had before?

Mr. SIMMONS. No, sir; we have had \$38,000.

Mr. LITTAUER. But you had \$30,000 the year before and there was no deficiency?

Mr. SIMMONS. Yes, sir. We had to draw on the stock we had on hand.

Mr. LITTAUER. You want this money practically to fill up the stock so as to carry a stock of stationery at such a fullness as you have had?

Mr. SIMMONS. Yes, sir. Our stock is about as low as we can get along with. We have been drawing on it for some years and it is down to about as low as we can get along with.

Mr. LIVINGSTON. Why did you not increase your estimate?

Mr. SIMMONS. We thought we could get along with \$35,000. We try to be as economical as possible. I cut down every place I can. You will find by considering the increased cost of supplies and the increase in business that the Treasury Department's expenditures for stationery have been very reasonable.

Mr. LITTAUER. It seems that you estimated for \$35,000 and were granted \$35,000, and now you have gone ahead, without authority, and exceeded the apportionment and allotment from month to month and now come in and say that you need this extra amount in order to fill up your stock?

Mr. SIMMONS. Yes, sir.

PAYMENT TO THE POTOMAC ELECTRIC POWER COMPANY.

STATEMENT OF MR. W. W. LUDLOW, CHIEF CLERK.

Mr. LITTAUER. The next item is "To enable the Treasury Department to pay the Potomac Electric Power Company, Washington, D. C., for balance found due for electric current furnished the Treasury building and annexes in Washington during the month of June, 1905, \$673.50." What is the occasion for this deficiency?

Mr. LUDLOW. This is a deficiency in the 1905 appropriation, before the law went into effect. My predecessor rewired the Butler Building and caused a deficiency of \$800.

Mr. LITTAUER. Rewired the Butler Building?

Mr. LUDLOW. Yes, sir.

Mr. TAWNEY. That is the Marine-Hospital Service building?

Mr. LUDLOW. Yes, sir.

Mr. LITTAUER. This is for electric current?

Mr. LUDLOW. They formerly burned gas.

Mr. LITTAUER. Is not this for electricity itself?

Mr. LUDLOW. Yes, sir; for rewiring from gas to electricity, for the supply of light.

Mr. LITTAUER. You can not pay anything for fixtures out of this appropriation?

Mr. LUDLOW. That is, the wiring bill comes under the appropriation of "gas, etc." It is an old claim. The appropriation is "gas, etc."

Mr. LITTAUER. Is it not a fact that you spent the money for wiring out of the appropriation made and then did not have enough money to pay the current bill?

Mr. LUDLOW. So I am told. I was not chief clerk of the Department at that time.

THE REVENUE-CUTTER SERVICE.

REIMBURSEMENT TO OFFICERS AND ENLISTED MEN.

STATEMENT OF CAPT. W. G. ROSS, CHIEF OF BUREAU.

Mr. LITTAUER. As to the item "To reimburse officers and enlisted men of the United States Revenue-Cutter Service who were on duty under orders at San Francisco during the earthquake and fire in that city on or about April 18, 1906, for losses of uniforms, equipment, and other personal effects, sustained by them through said fire," how did you ascertain the amount of the individual losses?

Captain Ross. I had the officers get up a list of what they lost and then they swore to the truth of the statements.

Mr. LITTAUER. You had returns from all the officers?

Captain Ross. Yes, sir; and those returns amounted to \$5,382.70.

Mr. LITTAUER. And you think \$5,000 will be sufficient to pay them?

Captain Ross. Yes, sir; I think it will.

Mr. LITTAUER. Each officer made a detailed statement of his loss?

Captain Ross. Yes, sir. Twelve commissioned officers, \$3,056.35; twelve warrant officers, \$1,479.70; and fifteen enlisted men, \$846.65, making a total of 39 persons and a total loss of \$5,382.70.

TRANSPORTATION OF SILVER COIN.

STATEMENT OF MR. E. B. DASKAM, CHIEF DIVISION OF PUBLIC MONEYS.

Mr. LITTAUER. How does it come that you are asking for a deficiency of \$5,000 under the item "Transportation of silver coin?" You have had \$120,000 for this service and you now ask for a deficiency of \$5,000. Have you apportioned the amount to be expended?

Mr. DASKAM. You can not apportion the appropriation. We do not know until the bills come in at the end of the month. The bills may be \$4,000 one month and only \$1,000 the next; you can not apportion it. When the bills come in we have to pay them, and under the contract with the express company they are obliged to render them monthly.

Mr. LITTAUER. You are under contract and the law requires you to transport these coins whenever necessary?

Mr. DASKAM. Yes, sir.

Mr. LITTAUER. What is the necessity for the extra \$5,000; is there a law which compels you to transport the coins?

Mr. DASKAM. Yes, sir; it is mandatory.

Mr. LITTAUER. The mandate is simply in an appropriation act and the appropriation goes along with the act to carry out the purposes of it?

Mr. DASKAM. Yes, sir; but you do not know at the beginning of the month how many have deposited in all of the different depositories throughout the month. We ship from the Treasury of the United States and from the nine subtreasuries.

Mr. LITTAUER. Suppose the money should run out at the end of six months, you could notify everybody that there was no more money?

Mr. DASKAM. Yes, sir; but we do not know it until the end of the six months, and then they are apt to get a month in.

Mr. LIVINGSTON. Why do you not stop it now, instead of asking for more money?

Mr. DASKAM. We have enough money now to go, perhaps, for three months more, but we have not enough to go six months.

Mr. LIVINGSTON. Why do you not notify them at the end of the three months and stop it?

Mr. DASKAM. We will, if you do not give us the deficiency.

Mr. LITTAUER. How do you estimate the deficiency of \$5,000—on what basis?

Mr. DASKAM. We figure on how much we have spent and the rate, but it is not the same each month and a guess is the best you can do.

Mr. LITTAUER. You want the \$5,000 for the transportation of subsidiary coin?

Mr. DASKAM. That was for a single bill of Wells, Fargo & Co.

Mr. LITTAUER. No; it is in addition thereto.

Mr. DASKAM. That is for last year, 1906.

Mr. LITTAUER. No; it is for this year. There was a single bill of Wells, Fargo & Co. for \$6,043.30. For 1907 you have been granted \$120,000 to carry out this work, and you now come and ask for \$5,000 more for the present year. Why?

Mr. DASKAM. I did not bring down the figures. I only brought the figures in regard to the minor coin.

TRANSPORTATION OF MINOR COIN.

Mr. LITTAUER. For the transportation of minor coin you have an appropriation of \$12,000 and you ask for \$10,000 more?

Mr. DASKAM. Yes, sir.

Mr. LITTAUER. Why?

Mr. DASKAM. We asked for \$18,000 and only got \$12,000.

Mr. LITTAUER. Did you apportion the \$12,000?

Mr. DASKAM. You can not apportion it. Last year we spent \$24,000 and the year before \$25,000 and the year before that \$19,000.

Mr. TAWNEY. The Government is powerless to protect itself in this matter, and it depends on the demands made upon you?

Mr. DASKAM. Yes, sir.

Mr. LITTAUER. What makes you think that you will need \$22,000 this year?

Mr. DASKAM. Because we have used something over \$12,000 and have only paid the bills up to the 1st of January. That makes six months to go with practically nothing. During the last six months of the year the expenses are usually smaller than the first six months,

but the expenses are not small enough to get along unless you want to stop it. In July the expenses were \$3,000, August \$4,000, September \$3,000, October \$1,000, November \$500, and in December \$448. One month it is less than \$500, and another month it is over \$4,000; you can not apportion it.

REFUND OF DOCUMENTARY STAMP TAXES.

STATEMENT OF HON. JOHN G. CARLISLE, OF WASHINGTON, D. C.

Mr. TAWNEY. Please state the provision that you wish inserted.

Mr. CARLISLE. "That the Secretary of the Treasury, under rules and regulations to be prescribed by him, be, and is hereby, authorized and directed to refund, out of any money in the Treasury not otherwise appropriated, sums paid for documentary stamps used on export bills of lading, such stamps representing taxes which were illegally assessed and collected; and a sum not exceeding one hundred and twenty-five thousand dollars be, and is hereby, appropriated for said purpose."

That is the provision as I have prepared it. The Committee on Ways and Means of the House have added the following words, which I do not think are very important, but are not harmful: "Said refund to be made whether stamp duties were paid under protest or not, and without being subject to any statute of limitations." So I care nothing about those things. That was introduced first as a separate bill in the House and referred to the Committee on Ways and Means, but that committee——

The CHAIRMAN. Let me ask you; are they revenue stamps?

Mr. CARLISLE. Representing taxes paid for documentary stamps used on export bills of lading.

As I was saying, that was introduced as a separate bill and went to the Committee on Ways and Means, and that committee, at that time, had under consideration another bill providing for refund of certain inheritance taxes. Without my knowledge they inserted this as a second insertion in that bill, and the House subsequently passed both provisions unanimously. It was sent to the Senate, referred to the Committee on Finance, and it seems that that committee very seriously objects to the first section of the bill, which relates to the inheritance tax, although there is no objection as I understand it from a talk with Mr. Aldrich, the chairman, to this second section providing for the repayment for these stamps; so that of course if they refuse to pass the other part of the bill, then this part fails also. The facts in regard to this case are about as follows: The so-called Dingley Act imposed duty upon bills of lading——

Mr. TAWNEY. You do not mean to say that it imposed duty?

Mr. CARLISLE. Stamp duty; imposed stamp duty.

Mr. TAWNEY. Internal-revenue stamps?

Mr. CARLISLE. Yes; upon bills of lading made for goods shipped abroad, and which the Supreme Court of the United States, in the case of *Fairbanks v. The United States*, held to be unconstitutional because it was a tax on exports. Then these suits were brought against the United States to recover back the stamp taxes paid on ships' manifests, foreign manifests, which were, as the courts held, more clearly unconstitutional than the other.

The ship could not sail without a manifest, and if it did, it would be subject to a fine of \$1,000 under a section of the Revised Statutes which is a part of the navigation laws, and which is undoubtedly a constitutional provision; and it could not get the manifest without paying the stamp duty, so there they were. The court below held that not only was the tax unconstitutional, but was paid under such circumstances as that it amounted to a protest, and it gave us judgment. But the United States took an appeal to the Supreme Court, and that court held, as the court below had held, that the tax was unconstitutional, but that they would not compel the Government to pay by suit, because there had been no formal protest; whereupon we applied to the Commissioner of Internal Revenue under the provision to refund the money, who said to me in an interview that he had no doubt that he had the power to refund it, and that it ought to be refunded, but that he also said, that inasmuch as this matter had been in the hands of the Department of Justice, that it was proper to consult with that Department, to which I agreed, and as a matter of courtesy he addressed a communication to the Department of Justice, receiving a reply in an opinion written by Mr. Robb, one of the assistants, in which he advises the Commissioner that inasmuch as the matter had passed through the courts he did not think the Commissioner would be compelled to refund; whereupon the Commissioner said that it was a matter which Congress should provide for, and that he would make a recommendation accordingly. The Attorney-General's department said the same thing—that is, Mr. Robb said the same thing—that it ought to be paid, and therefore this application is made to Congress. I believe the Committee on Ways and Means communicated with the Treasury Department on this subject, but I have not been able to get that data.

The tax collected on bills of lading has all been paid without regard to any protest; the tax on incomes you will remember was all paid back without any protest at all. When a suit is brought against the Government to coerce it into paying, that is one thing, but when the Government is to make a payment as a matter of justice, that is a different thing. In all the cases under the statute it has been paid without regard to any protest at all, but there is no statute in these cases. We have two years after we make application to the Commissioner within which to bring the suit, and then the time was extended by an act passed in 1891 or 1892.

Mr. TAWNEY. This provision, as I understand it, is to authorize the Secretary of the Treasury to audit the amounts of internal-revenue stamps, which by an act of Congress were imposed upon ships' manifests, which act has subsequently been held by the Supreme Court of the United States to be unconstitutional.

Mr. CARLISLE. And by the circuit court of the United States in New York.

Mr. TAWNEY. Which has been held by the Supreme Court of the United States to be unconstitutional; and also to authorize the Secretary of the Treasury to repay the amounts which he finds were paid under an act thus held to be unconstitutional by the Supreme Court.

Mr. CARLISLE. Yes, and to pay not exceeding \$125,000.

Mr. TAWNEY. And fixing the limit at \$125,000.

Mr. CARLISLE. My investigation of the matter, and the investigation of others, shows that the amount will be about \$110,000. We have inserted \$125,000 in order to be sure to cover it.

MILITARY ESTABLISHMENT.

STATEMENT OF HON. WILLIAM H. TAFT, SECRETARY OF WAR, ACCOMPANIED BY MR. JOHN C. SCOFIELD, CHIEF CLERK, AND MAJ. J. B. ALESHIRE AND MAJ. J. T. KNIGHT, ASSISTANTS TO THE QUARTERMASTER-GENERAL.

PAY DEPARTMENT.

Mr. LITTAUER. Mr. Secretary, I would like to take up with you as a preliminary the additional expenses incurred in connection with salaries of officers and the force in connection with their service in Cuba. They received their regular pay, I assume, just as when on service elsewhere outside the country.

EXPENSES OF PACIFICATION OF CUBA.

Now what steps have been taken to have the expense of our pacification of Cuba paid by the Cuban Government?

Secretary TAFT. None.

Mr. LITTAUER. Can there be any, and should there not be some provision now enacted into law?

Secretary TAFT. Yes, sir. The only steps that have been taken have been in the form of the payment of money out of the Cuban treasury to defray the expenses of the Army, as, for instance, the construction of quarters for them, temporary and otherwise, and the payment of rent for quarters of officers and the quarters of men. Where we can make direct payment we pay them direct out of the Cuban treasury.

Mr. LITTAUER. But the pay of officers and men and their transportation to Cuba and the extra cost in connection therewith and other services have not been paid for from the Cuban treasury, but paid out of your annual appropriation?

Secretary TAFT. Nothing which comes out of the Treasury of the United States has been reimbursed. On the 15th of December, at my request, the Quartermaster-General made a general statement of what would be required in addition to the regular funds which he had and our regular expenses to pay--the things that would not have been incurred had we not had intervention in Cuba; and I think probably, Mr. Chairman, that it might be well just to enact that with the amounts [submitting following document]:

WAR DEPARTMENT,
OFFICE OF THE QUARTERMASTER-GENERAL,
Washington, December 15, 1906.

Memorandum for the Secretary of War.

Following is a statement of the cost to the United States for the unusual expenses resulting from sending the army of pacification to Cuba, amounting, on November 30, 1906, for the Quartermaster's Department, to \$1,739,024.28, distributed as follows:

Payable from the appropriation for regular supplies:

Purchase of stock of stationery supplies for all army uses in Cuba....	\$8, 285. 47
Purchase and repair of typewriters, 60 in all, sent to Cuba	4, 533. 78
Office supplies	205. 21
Kitchen utensils	324. 85

Payable from the appropriation for regular supplies—Continued.

Hire of employees (forage masters).....	\$225. 00
Stoves, wash boilers, etc.....	542. 40
Lanterns and illuminating supplies.....	1, 236. 33
Printing.....	129. 21
Miscellaneous includes stabling and caring for animals at St. Louis, Mo., \$3,600; 20 Blodgett bake ovens, \$3,300; 10,000 gallons mineral oil, \$2,000, and numerous minor items.....	12, 951. 99
Value of stores issued from stock, including army ranges, field ovens, field laundries, kitchen utensils, lamps and lanterns, scales, blank books, coffee mills, meat grinders, etc.....	60, 329. 58
Expended by quartermasters in Cuba, items not yet reported.....	15, 000. 00
Total.....	103, 763. 82

NOTE.—Excess cost of forage to November 30, 1906, \$37,818.33, and for balance of fiscal year \$149,932.49 for 3,538 horses and mules not included herein, having not yet been charged, but is included in estimated amount required.

Payable from the appropriation for incidental expenses:

Pay of extra employees for duty in Cuba and in connection with Cuban expedition.....	\$21, 261. 81
Includes, in addition to temporary employees, the following: 44 clerks, \$4,864.98 per month; 7 veterinarians, \$675 per month; 3 interpreters, \$150 per month; 6 messengers, \$305 per month; 4 laborers, \$160 per month; 3 horseshoers, \$225 per month. Total, \$6,379.98.	
Office furniture.....	4, 704. 84
Horse shoes and veterinary supplies for all horses and mules, 3,538 in number.....	7, 325. 65
Refrigerators, 116 in number.....	6, 125. 50
Kretol, for disinfecting and other uses.....	3, 750. 00
Cleaning supplies.....	52. 35
Tools.....	14. 65
Expended by quartermasters in Cuba, items not yet reported.....	35, 000. 00
Value of supplies issued from stock, including veterinary supplies, mops, office safes, blacksmiths' and farriers' tools, coffins, forges, office furniture, horse brushes and curry combs, drawing instruments and materials, etc.....	9, 047. 89
Total.....	87, 282. 69
Deduct expenses which would have accrued notwithstanding Cuban pacification.....	2, 965. 90
Balance.....	84, 316. 79

Payable from the appropriation for army transportation.

Pay of extra employees for duty in Cuba and in connection with Cuban expedition (includes, in addition to temporary employees, the following: 1 marinesuperintendent, \$333.33 per month; 8 clerks, \$908.33 per month; 21 checkers, \$1,485 per month; 3 trainmasters, \$290 per month; 17 wagonmasters, \$1,175 per month; 216 teamsters, \$8,640 per month; 3 packmasters, \$300 per month; 6 cargadores, \$360 per month; 61 packers, \$3,050 per month; 6 cooks, \$240 per month; 7 blacksmiths, \$455 per month; 3 wheelrights, \$225 per month; 1 saddler, \$75 per month; 1 storekeeper, \$75 per month; 2 messengers, \$120 per month; 3 foremen, \$225 per month; 75 laborers, \$3,375 per month; 6 chauffeurs, \$600 per month. Total, \$21,931.66.....	\$78, 676. 97
Sanitary system and water supplies (includes lumber for latrines, steel and wooden tanks, water and sewer pipe, etc.).....	3, 496. 41
Repairs and supplies for vessels (includes repairs, coal, water, etc., for the U. S. A. T. <i>Sumner</i> and for the chartered steamers named in Exhibit "A" herewith, and the fitting of the latter for troops and animals and restoring them to the charterers in their original condition).....	126, 813. 13
Packing boxes.....	751. 26

Payable from the appropriation for army transportation—Continued.

Charter of steamers for transporting troops, animals, and supplies to Cuba; number and period hired shown in Exhibit "A" herewith. In addition, a number of small vessels were hired to temporarily replace the harbor boats, launches, etc., held in readiness for Cuban service, or sent to Newport News and other stations in connection with the Cuban expedition, the cost of which was \$35,972.79.....		\$445,506.05
Purchase of draft animals, 1,049.....		181,426.40
Pilotage, towage, stevedoring, etc., expended at New York City, Newport News, and Port Tampa		11,325.88
Traveling expenses, switching and terminal charges, etc		31,011.13
Includes the traveling expenses of numerous employees in various parts of the country, in connection with the movement of troops to Cuba, switching charges of trains diverted en route, and switching and terminal charges at Newport News and Port Tampa.		
Articles of means of transportation (includes escort and delivery wagons, ambulances, wagon parts, riding saddles, canvas, aparejos, stable implements, buckets, etc.).....		14,520.08
Harness (includes harness, wheel, and lead for escort wagon and ambulance teams, halters, halter straps, hames and hame straps, etc.).....		3,213.44
Crematory supplies (consists of 10 McCall incinerators, at \$385 each).....		3,850.00
Miscellaneous (includes water kegs and cans, wagon tools, hand carts, paulins, strap iron, leather, wagon paints, neat's-foot oil, saddlers', harness makers', and wheelwrights' tools, rope, etc.) ..		18,000.00
Value of stores issued from stock (includes articles similar to those enumerated under "Miscellaneous").....		16,566.54
Cost of railroad transportation for troops and supplies en route to Cuba		191,075.41
Expended in Cuba by quartermasters, items not yet reported.....		219,000.00
Total.....		1,345,232.70
Deduct expenses which would have accrued notwithstanding Cuban pacification		23,870.89
Balance		1,321,361.81
Payable from the appropriation for clothing and equipage:		
Band-instrument supplies.....		142.00
Flags		64.50
Stores issued from stock, consisting principally of tentage and cots, as shown in Exhibit B, herewith		68,597.75
Expended in Cuba by quartermasters, items not yet reported.....		400.00
		69,204.25
Payable from the appropriation for cavalry, artillery, and engineer horses:		
Expended from this appropriation for the purchase of horses for use in Cuba (200 horses, at \$162.50)		32,500.00
Payable from the appropriation barracks and quarters, rentals of land, offices, barracks and quarters, in the United States and Cuba.....		22,252.61
Paid from the emergency fund, War Department, for horses for cavalry, artillery, and engineers in Cuba (650 horses at \$162.50)		105,625.00

Recapitulation.

Appropriation.	Expended to Nov. 30, 1906.	Required to June 30, 1907.	Total.
Regular supplies	\$103,763.82	\$545,814.52	\$649,578.34
Incidental expenses.....	84,316.79	293,538.85	377,855.64
Army transportation	1,321,361.81	1,483,545.90	2,804,907.71
Clothing and equipage.....	69,204.25	50,600.00	119,804.25
Horses, cavalry, artillery, etc	32,500.00	10,000.00	42,600.00
Barracks and quarters	22,252.61		22,252.61
Emergency	105,625.00		105,625.00
Total	1,739,024.28	2,383,499.27	4,122,523.55

It is remarked that no deficiency estimates covering expenditures from "Barracks and quarters" and "Emergency fund" are submitted, no deficiency existing in those appropriations, and no further sums from them being required. The amounts already expended may, if refunded, be credited to them when received.

There are submitted herewith Exhibit A showing vessels chartered, Exhibit B showing tentage, etc., sent to Cuba, and Exhibit C showing in detail other articles of quartermaster's stores, including those purchased and those issued from stock, furnished the army of Cuban pacification.

In this latter exhibit is shown the excess cost of forage to November 30, 1906—\$37,818.33. This amount is in this statement included in the \$545,814.52 estimated to be required for the seven months ending June 30 next, instead of being included in the amount of expense incurred to November 30, 1906. This makes no change in the sum total estimated for under "Regular supplies," viz, \$649,578.34.

C. F. HUMPHREY,
Quartermaster-General, U. S. Army.

Mr. LITTAUER. What is the total?

Secretary TAFT. The total is \$4,122,523.55.

Mr. LITTAUER. Expenses incurred up to that date, December 15?

Secretary TAFT. No, sir. That carries it down to June 30, 1906.

Mr. LITTAUER. 1906?

Secretary TAFT. No; it should be 1907. It is a mistake here. It should be June 30, 1907.

Mr. LITTAUER. It is estimated?

Secretary TAFT. Yes; estimated down to that. That is all that is included under the heads that the Quartermaster-General has provided for and estimated for; regular supplies, incidental expenses, army transportation, clothing and equipage, horses for cavalry and artillery, etc., and barracks and quarters and emergency fund..

Mr. LITTAUER. And extra cost for pay, and things like that, are not included?

Secretary TAFT. No, sir. You can get that from the estimates.

Mr. LITTAUER. The estimates made here?

Mr. TAWNEY. \$64,267.35—

Mr. LITTAUER. That is only for the officers. Then there is the additional 20 per cent increase to 6,000 enlisted men, \$184,495.61; in all, \$248,762.96.

Secretary TAFT. Yes, sir.

Mr. LITTAUER. Now, then, is there any other department besides the Pay and Quartermaster's departments that would be affected?

SIGNAL SERVICE.

Secretary TAFT. Yes, sir. The Signal Service is one. That is \$74,811.81.

Mr. LITTAUER. That is not all incurred in Cuba. It says here:

The above estimate is submitted for the purpose of reimbursing the appropriation "Signal Service of the Army, 1907," in the sum of \$16,811.81, being the amount of extraordinary expenses incurred against this appropriation in the purchase of supplies on account of the army of Cuban pacification, and to provide for the purchase of the necessary supplies and the engagement of services during the remainder of the current year, the cost of which is estimated at \$58,000.

That \$58,000 is to make up for deficiencies?

Secretary TAFT. Here it is:

For expenses of the Signal Service of the Army on account of the army of Cuban pacification, during the fiscal year ending June 30, 1907, in the purchase of equipment, stores, and supplies, the engagement of services personal and not personal, and all other expenses connected with the duty of collecting and transmitting information for the Army, by telegraph or otherwise (act June 12, 1906, vol. 34, p. 241, sec. 1)..... \$74, 811. 81

Mr. LITTAUER. He divides it into two parts—\$16,000 for Cuba and \$58,000 for the general purposes of the Bureau?

Secretary TAFT. No; this is all for Cuba.

Mr. LITTAUER. Where did you get this note from, Mr. Courts?

Mr. COURTS. Out of that document.

Mr. LITTAUER. I may have misread it.

Mr. COURTS. House Document 300.

Mr. LITTAUER. The way I read it here is:

The above estimate is submitted for the purpose of reimbursing the appropriation "Signal Service of the Army, 1907," in the sum of \$16,811.81, being the amount of extraordinary expenses incurred against this appropriation in the purchase of supplies on account of the army of Cuban pacification, and to provide for the purchase of the necessary supplies and the engagement of services during the remainder of the current year, the cost of which is estimated at \$58,000.

Secretary TAFT. That means in Cuba.

Mr. LITTAUER. \$16,000 is incurred, and \$58,000 is anticipated?

Secretary TAFT. That is it. Then there is mileage, but I think you have allowed that mileage already.

Mr. LITTAUER. We gave you an urgent deficiency-on mileage. Would the charge of mileage come also if we were going to charge these amounts back to Cuba?

Secretary TAFT. Yes.

REIMBURSEMENT OF THE UNITED STATES BY CUBA.

Mr. LITTAUER. It seems to me in all fairness that we have the right to charge this work that we are doing for Cuba to the island of Cuba.

Secretary TAFT. I think so, too, Mr. Chairman; and I have prepared a proviso that I suggest. Of course the form can be amended. [Submits the following:]

Provided, That pending the present intervention by the United States Government under the Platt amendment to the Cuban treaty to maintain a government of law and order in that island, the President is hereby authorized, in his discretion, to receive from the treasury of the Cuban Republic and pay into the Treasury of the United States from time to time such amounts as the President may deem equitable to reimburse the United States for the expenditures from the United States Treasury attendant upon such intervention and such as he may consider the Cuban treasury able to pay without seriously embarrassing the finances of the Cuban Republic.

Mr. LITTAUER [after reading provision aloud]. Now, to go from the rear forward, why do you make it contingent on their ability to pay?

Secretary TAFT. Because I do not want to be compelled to order out of their treasury money that it is necessary to run their government.

Mr. LITTAUER. Could it not be a liability on them at a future day?

Secretary TAFT. Yes; there should be a liability. This only provides for their meeting the liability.

Mr. TAWNEY. We ought to be able to provide that they pay subsequently if they are not able to pay now.

Mr. LITTAUER. If you do not pay when you are in possession I do not think you will ever get it.

Secretary TAFT. We might require that they issue bonds when we leave.

Mr. BRUNDIDGE. Why not declare it a liability and make the language read in such a way as to give the President discretion to accept

such sums from time to time as he may deem best and leave the balance over?

Mr. TAWNEY. How can we declare a liability?

Secretary TAFT. You can declare a liability, but of course the other party is not sustained for the purpose of recognizing it, as the President has hold of the line and has their money in his hands.

Mr. LITTAUER. You are collecting the revenues according to the Cuban law, are you not? You are collecting them exactly as they are?

Secretary TAFT. Yes, exactly as they are now under the taxable laws. Then I am anxious to increase the Rural Guard and get a force which will enable any government that may be established there to maintain itself, and I do not want to come out and then go back again if we can help it, so that I do not think it well to impose on the President the duty of squeezing them and thus preventing the carrying out of a policy that may be necessary to prevent our going back again. It would be saving at one end and losing on the other.

Mr. LITTAUER. We yet ought to have during our occupancy and control some means of reimbursement, whether at this time or at some future day.

Secretary TAFT. I think this recognizes sufficiently the obligation. If you authorize the President to receive that in as a basis of reimbursement, it does not prevent your taking all the rest that may be due, but it does show that you declare a liability by giving him authority to meet the obligation.

Mr. LITTAUER. I would like to have that liability a little bit more plainly stated here, if you could do so.

Mr. TAWNEY. Mr. Secretary, in the fourth line here, why do you leave it in his discretion whether he should receive or not? Down below here then you say the amount he may receive is such as he "may deem equitable." Why not say he "is hereby authorized to receive?" We can make that authority specific—the authority to receive specific.

Mr. LIVINGSTON. You should give the discretion below that.

Secretary TAFT. That is true. Leave it discretionary. That is superfluous.

Mr. TAWNEY. I would insert before the word "expenditures" the word "necessary," making it read "for the necessary expenditures from the United States Treasury." Instead of the word "attendant" can you not get a more definite term there?

Secretary TAFT. How would "caused by" or "arising from" do?

Mr. TAWNEY. Or "made necessary," or "on account of such intervention?"

Secretary TAFT. Yes, sir; "made necessary on account of such intervention."

Mr. LITTAUER. "To receive from the treasury of the Cuban Republic and pay into the Treasury of the United States from time to time such amounts as the President may deem equitable to reimburse the United States—"

Secretary TAFT. You might leave out "such amounts"—"such amounts to reimburse the United States for the expenditures from the United States Treasury, as he may consider the Cuban treasury then able to pay."

Mr. BRUNDIDGE. That would be better.

Mr. TAWNEY. That would leave it discretionary with him?

Secretary TAFT. Yes, sir; and it would then be dependent upon the ability of the Cuban treasury.

Mr. LITTAUER. It will then read:

Provided, That pending the present intervention the United States Government under the Platt amendment to the Cuban treaty to maintain a government of law and order in that island, the President is hereby authorized to receive from the treasury of the Cuban Republic and pay into the Treasury of the United States from time to time such amounts, to reimburse the United States for the expenditures from the United States Treasury made necessary on account of such intervention, and such as he may consider the Cuban treasury then able to pay without seriously embarrassing the finances of the Cuban Republic.

Secretary TAFT. Leave out "and such."

Mr. LITTAUER. "As he may consider the Cuban treasury able to pay without seriously embarrassing the finances of the Cuban Republic."

It is not only an embarrassment to the finances of the Cuban Republic at that time, but an embarrassment generally.

Mr. TAWNEY. Make it "the expenditures from the United States Treasury made necessary on account of," etc.

Mr. LITTAUER. "To reimburse the United States for the expenditures from the United States Treasury made necessary on account of such intervention as he may consider the Cuban treasury is then able to pay without serious embarrassment."

I would not go any further than that, because I think they ought to have money laid up there for this Rural Guard.

Secretary TAFT. That is right. The less definite you make it the better.

Mr. LITTAUER. The purpose is here. That, I think, the House will want to know.

Mr. TAWNEY. These amounts estimated for here are to be the payments in excess of what otherwise would have been paid out of the Treasury had not our Government intervened in Cuba?

Secretary TAFT. Yes, sir.

Mr. TAWNEY. Could you give us a little more in detail what these excess payments are for?

Secretary TAFT. Yes, sir. This is a very detailed statement, just as full as I could give.

Mr. LITTAUER. It would not be proper, Mr. Secretary, from your standpoint, and you do not consider at all the repayment by Cuba to us of the wages of the men or the salaries of the officers, because they are a part of the United States Army, and the Army has not been increased on account of this intervention?

Secretary TAFT. Exactly.

Mr. LITTAUER. But all the extra charges on the Treasury of the United States are included in this?

Secretary TAFT. Yes; and you will see here there are a great many extra employees in the Quartermaster's Department and other departments that were necessary, as, for instance, 44 clerks, 7 veterinarians, 3 interpreters, 6 messengers, 4 laborers, and 3 horseshoers. I made them give every item of this sort.

Mr. LITTAUER. That is very proper.

Secretary TAFT. I knew you would want it when you went on the floor. I had a time to get it, but I finally forced it from them.

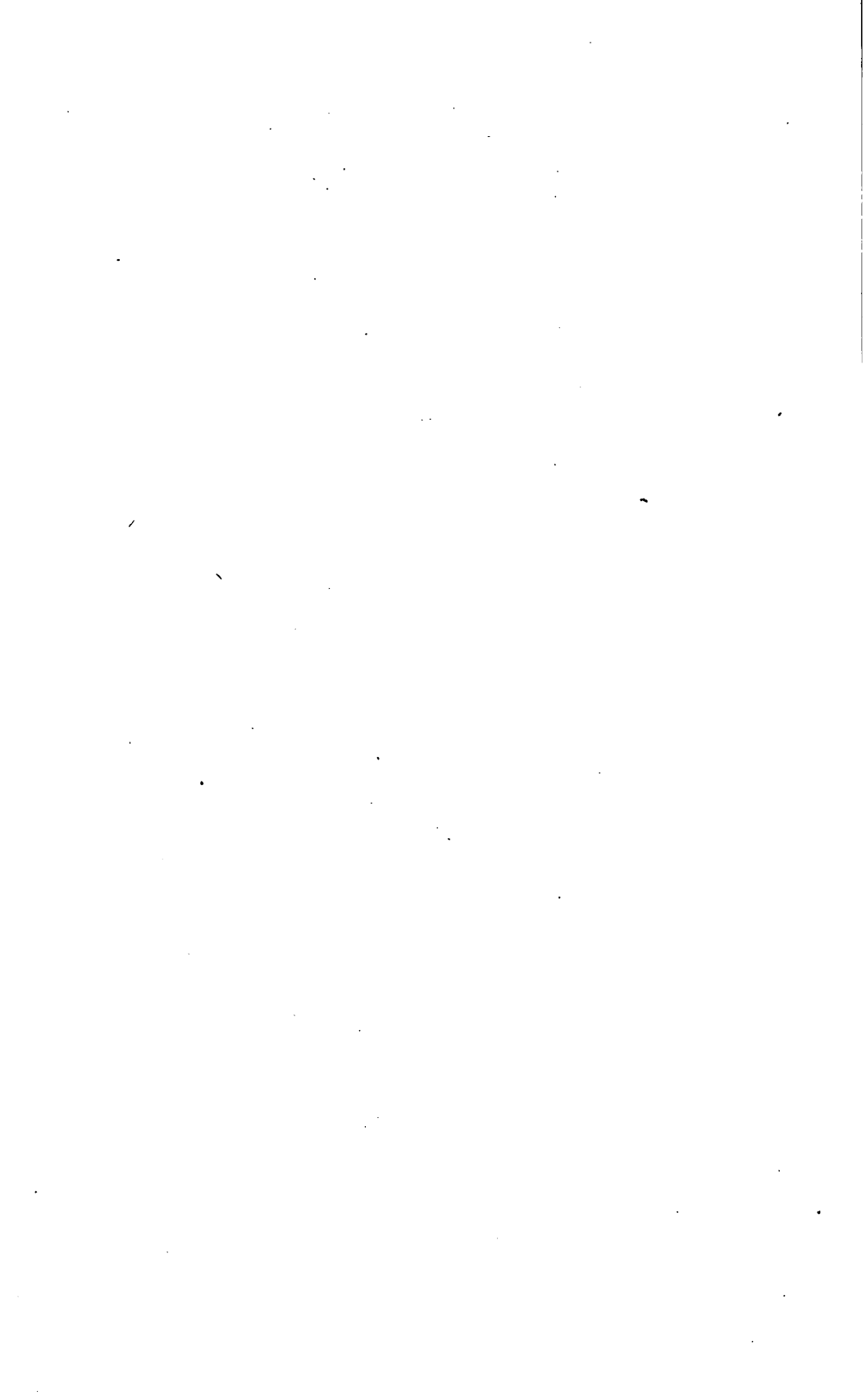


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Secretary TAFT. It is spent.

Mr. LITTAUER. Is there a balance of that fund?

Secretary TAFT. A very small one. It is getting beautifully less. I am religiously not spending it for the Army now.

Mr. LITTAUER. Then I infer from what has been stated here that this \$171,000 for mules in the Philippine Islands is needed for the current fiscal year?

Major ALESHIRE. Yes, sir.

PURCHASE OF HORSES.

Mr. LITTAUER. Now, as to the deficiency asked for under the head of horses; here you make some additions and subtractions, so that you finally wind up as wanting back the \$32,000 spent in Cuba, the \$170,000, and the \$10,000. What was the \$170,045 for?

Secretary TAFT. You do not buy mules under the appropriation for horses?

Major ALESHIRE. No, sir.

Mr. LITTAUER. The note here says, "Urgent calls for horses received in this office aggregate \$170,045." Do you mean you intend to purchase for the Army \$170,000 worth of horses during this current year?

Major ALESHIRE. There are requisitions in the office for the money value of the horses.

Secretary TAFT. That is, for a thousand mules and a thousand horses?

Major ALESHIRE. Practically that; about that. These are not for the Philippines. The mules are for the Philippines, Mr. Secretary.

Secretary TAFT. You say here:

It is further remarked that requisitions calling for 1,000 horses have been received from the Philippine Islands, the estimated cost of which is about \$165,000.

Major ALESHIRE. Yes, sir. But we have not asked for any money for that this year.

Secretary TAFT [reads]:

The funds not being available, the purchase can not be made, and it has been decided that the next regiment of cavalry going to the Philippines shall take their horses with them.

Mr. LITTAUER. This \$170,000 is in addition to that?

Major ALESHIRE. Yes, sir; to meet the requisitions now in the office.

Mr. LITTAUER. How does it come that you did not receive an amount greater than \$150,000? Was your estimate greater last year?

Major ALESHIRE. I think it was reduced.

Secretary TAFT. It was reduced from \$450,000 to \$150,000.

Mr. LITTAUER. For horses?

Secretary TAFT. Yes, sir.

Mr. LITTAUER. Not according to our books here.

Mr. SCOFIELD. You made the cut, Mr. Secretary. You cut it down. They asked for \$450,000, and you cut it down to \$150,000.

Mr. LIVINGSTON. Then you are responsible for it, Mr. Secretary. [Laughter.]

Secretary TAFT. Yes. We did not anticipate that we would have these various calls. You did ask for \$450,000?

Major ALESHIRE. Yes, sir.

CLOTHING.

Mr. LITTAUER. Now we come to the item of \$870,000 for clothing. The statement is made here that—

Clothing for the Army in value \$1,256,150 should be procured before the 1st of July next, or the resources of the Department will be so crippled as to subject its administration to severe criticism.

We want to know a little something about that.

Mr. SCOFIELD. Major Knight, Mr. Secretary, is out there. He has charge of that.

Mr. LITTAUER. What do you mean by "Chief Quartermaster, Habana?" There is a chief quartermaster at Habana?

Secretary TAFT. Yes, sir. Major Knight, what about this clothing and camp and garrison equipage, and the deficiency?

Major KNIGHT. For Cuban intervention?

Secretary TAFT. No. For Cuban intervention it is \$119,000, but you ask for \$870,000. Take \$119,000 out of the \$870,000, and it is reduced to \$750,000.

Mr. LITTAUER. It is all based upon the necessity of the further purchase of a million and a quarter dollars of supplies.

Major KNIGHT. Yes, sir. We will need to purchase material for the manufacturing of the new olive-drab uniforms and the olive-drab overcoats and blankets: 210,000 yards of 22-ounce kersey, estimated value of \$436,666; 145,000 yards of 16-ounce, valued at \$232,000; 40,000 olive-drab blankets, valued at \$209,600; 260,000 yards of olive-drab flannel, valued at \$234,000; 1,000,000 yards of khaki, valued at \$240,000; making a total of \$1,352,266, at least half of which should be available at the earliest possible moment. This material must be bought so that the manufacturers can commence as early as possible in the summer in order to meet the needs of the Army for this clothing early in the fall.

Secretary TAFT. You want to pay for it before the 1st of July?

Major KNIGHT. Yes, sir.

Mr. LITTAUER. Will you receive it before the 1st of July?

Major KNIGHT. It will take six weeks after the bids are invited before any mill could commence deliveries.

Mr. LITTAUER. When could you get deliveries?

Major KNIGHT. Assuming a thirty day advertisement on the 1st of March, deliveries could commence in the middle of April.

Mr. LITTAUER. How would you not know that you would need such requirements when the estimates for the current year were first presented to Congress?

Major KNIGHT. I can best answer that from the fact that the number of men in the Army, including the whole increase, is 77,400 men. Each man is allowed in clothing, or in money, if he saves his clothing, \$165.52, making a total of \$12,817,868. Assuming that one-third of the men go out every year, that requires to clothe the Army \$4,272,622. We must give them that in kind or in money. This year we had only an appropriation of—

Mr. LITTAUER. When you asked for the appropriation it was only \$3,000,000?

Major KNIGHT. Yes, sir; the result is that we have to run the Department from hand to mouth principally. I can not get enough to accumulate a stock.

Secretary TAFT. I must have cut the estimate down.

Mr. LITTAUER. Did you cut it down both years—last year and this year? From your statement it requires \$4,200,000 a year to clothe the Army, and the estimates have only been on the basis of \$3,000,000 a year. Is there no possibility of there being something wrong?

Secretary TAFT. That is on the basis of 77,000 men.

Major KNIGHT. That is the maximum, Mr. Secretary. Of course the Army has not been up to that strength.

Mr. LITTAUER. You include the new force provided for in the artillery service?

Major KNIGHT. Yes, sir.

Secretary TAFT. We are lacking 3,000 in the artillery. How much are we lacking in the other branches of the service?

Major KNIGHT. I should say about two or three thousand men.

Secretary TAFT. That would make 6,000, and 6,000 added would make 12,000. I cut the clothing down in conformity with the actual number we then had.

Mr. LITTAUER. What is the use of providing here for such an immense amount of material as this would provide for, taking care of the top limit, including the new enlistments under the Artillery Corps?

Major KNIGHT. Under the old system we were using up the old uniforms, which became obsolete when the new uniform was put into effect. Recently an order has been issued putting the entire Army into the olive-drab uniform.

Mr. LITTAUER. How much does that leave on hand of the old uniform in value?

Major KNIGHT. I should say about a half million dollars. That will have to be sold.

Secretary TAFT. When was that order made?

Major KNIGHT. I think it is within the last week, Mr. Secretary, that I saw the memorandum.

Mr. BRUNDIDGE. I understand you wish to put the order in the mills early in order that they might manufacture the clothing for fall delivery?

Major KNIGHT. As early in the summer as possible, because after we get the material we must make new contracts with the manufacturers to make up these garments for the soldiers in the fall.

Secretary TAFT. These uniforms of the old style are comfortable, are they not?

Major KNIGHT. Yes, sir.

Secretary TAFT. What is the difference between them and the new style?

Major KNIGHT. The old ones are of the old style and cut.

Mr. LITTAUER. It would probably take six months more to use them up and get the value from them that we have put in them?

Major KNIGHT. No. Take the dress coat that is used exclusively by the Artillery; we have about three years' supply on hand. We have been four years practically, since the new order came out, using up this uniform. The Army has been clothed, part of it in olive drab, and part of it in blue.

Secretary TAFT. What do you expect to do with that half a million dollars?

Major KNIGHT. The orders are that it should be sold under your direction.

Mr. SCOFIELD. Sold as unservicable?

Major KNIGHT. As obsolete uniforms.

Secretary TAFT. Can you get anything like the price?

Major KNIGHT. Nothing like what it cost us; no, sir. There are a great many overcoats and dress coats and blue-flannel shirts. The trousers have all been made use of.

Secretary TAFT. I am quite sure I have made no such order, and I have not been consulted about it. It is possible that General Oliver may have done it.

Major KNIGHT. I saw the typewritten copy of the order.

Mr. LITTAUER. As far as the figures that concern us here go, this \$870,000 here that you want for deficiencies is wanted for the purchase of material to manufacture clothing that will be needed next year?

Major KNIGHT. Yes, sir; early in the fall; issued for the fall delivery.

Mr. LIVINGSTON. What is the smallest amount of money you want to invest in that, going into this bill?

Secretary TAFT. This is a desire, and I think a commendable desire, to have a reserve of clothing, is it not, Major?

Major KNIGHT. Yes, sir, Mr. Secretary, and for a very strong reason. We are supposed to meet all the demands of the State troops for clothing. They send in their requisitions, and when the order is completed the transfer of funds is made. But we are out of use of this fund anywhere from sixty days to from three to four months, because we have not a sufficient stock in order to fill their order at once, and we can not present the bills for settlement until the last item called for on the requisition has been delivered to the State authorities.

Secretary TAFT. If you get this authority, how far ahead will it give you beyond your actual needs?

Major KNIGHT. It ought to give a very good stock ahead.

Secretary TAFT. How large a stock—half a million?

Major KNIGHT. Yes, sir.

Secretary TAFT. That is what it is for?

Mr. LITTAUER. If this deficiency in clothing, half a million, is for increased supplies, why can you not wait for the next year? Why should we, the Committee on Deficiencies, be expected to do that? We can not look into it.

Secretary TAFT. As I understand the Major, he would like to buy the cloth now with a view to giving the contract.

Mr. LITTAUER. Why not buy part of it?

Major KNIGHT. I do contemplate doing that. I cut it in half. Let the other half come out of next year's regular appropriation.

Secretary TAFT. Has it been inserted in that appropriation?

Major KNIGHT. It was covered in the general estimates.

Mr. LITTAUER. How can it have been when your estimates for 1908 are only \$3,000,000? You tell us here it costs \$4,200,000 to clothe the Army.

Major KNIGHT. Yes, sir. Our appropriations have been short.

Mr. LIVINGSTON. He just explained to you that the Secretary cut that down.

Secretary TAFT. I suppose I cut it down to the actual number in the Army.

Mr. BRUNDIDGE. That is a wise cut, I think.

Secretary TAFT. The limitation, of course, ought to be raised about 6,000 men, because you have allowed that in the artillery.

Mr. LITTAUER. Does the amount asked for the pay of artillery contemplate a complete force?

Secretary TAFT. No, sir. I made them cut it down to—what was it—75 per cent? I sent for General Ainsworth to find out what the probable enlistment would be, and I think it was estimated at 75 per cent.

REGULAR SUPPLIES (AGAIN).

Mr. LITTAUER. Under the head of "Regular supplies" you ask for a deficiency which will cover the extraordinary expenses in connection with Cuba and the maneuvers, and in addition thereto \$500,000?

Major ALESHIRE. Yes, sir.

Mr. LITTAUER. Why do you need the latter sum?

Major ALESHIRE. There were no funds available from the regular appropriation for "Regular supplies" for use in connection with the maneuvers.

Mr. LITTAUER. I mean outside of that item. We appreciate the fact that we must make up the deficiency in connection with the maneuvers and Cuban intervention, but in addition thereto you ask for a sum which includes \$500,000.

Major ALESHIRE. That includes \$550,000, including \$250,000 for maneuvers.

Mr. LITTAUER. The items as given here are \$250,000 for maneuvers and \$650,000 for Cuba. That is \$900,000; to which you add \$500,000, making \$1,400,000, and deduct \$200,000, so that the \$500,000 remaining is the item we want to understand. What is the necessity for it?

Major ALESHIRE. The necessity is to replenish the stock in the depots. In the depots the stock was depleted of most of the necessary articles that we carry, which are purchased under this appropriation, and also we had to have some additional forage because of the movements of the troops from place to place.

Mr. LITTAUER. Is not that included in the cost of what you spent in Cuba?

Major ALESHIRE. Yes, sir.

Mr. LITTAUER. Leave those items out, and it will show you need \$500,000 more for general expenditures under "regular supplies."

Major ALESHIRE. As I stated, the stock of the depots, consisting principally of the articles purchased under this appropriation, was depleted by constant issues, and there were none there to issue, and it was necessary to make the purchases to meet the requisitions from time to time.

Mr. LITTAUER. Do you mean to say that your entire appropriation of \$5,000,000 has all been exhausted?

Major ALESHIRE. I can not say that, sir, positively, but I think it is.

Mr. LITTAUER. Then how can you say you can not meet requisitions? How much of a stock do you carry on hand of these regular supplies? Do you mean that you must have a large stock all over? It is not to meet the requirements for over six months?

Major ALESHIRE. Yes, sir, as a rule.

Mr. LITTAUER. This is practically to replenish those stocks and keep them up to the full status as you determine you want them?

Major ALESHIRE. Yes, sir.

Secretary TAFT. How much, Mr. Chairman, was the estimate for last year?

Mr. LITTAUER. \$5,000,000.

Secretary TAFT. We have cut it. I cut that down half a million, did I not?

Major ALESHIRE. Yes. It has been reduced \$500,000.

Secretary TAFT. What they are charging you with (addressing Major Aleshire) is what I cut down.

Mr. LITTAUER. What has developed during the year to make you believe you can not get along with \$5,000,000?

Secretary TAFT. They never thought they could.

Mr. LITTAUER. It is not a question of "thought." They have gone on now for a number of months.

Secretary TAFT. In other words, Mr. Chairman, the way they have met it is by reducing stock on hand, and now they want to replenish that stock. Is not that just it?

Major ALESHIRE. Yes, sir.

Secretary TAFT. They met the economies I attempted by depleting their stock.

Mr. LITTAUER. This deficiency of \$500,000 is principally an estimated and an anticipated one, and they do not seem to have given us a statement of the necessities.

Mr. LIVINGSTON. He says he will not have the necessary stock unless you give him the \$500,000.

Mr. LITTAUER. He may not have sufficient stock to keep it up to the desired status, but still they may be able to get along.

JUDGMENT IN FAVOR OF WARNER BARNES & COMPANY (LIMITED).

Mr. BRUNDIDGE. There was another item you said you wanted to speak to the Secretary about. I told you I did not think it was necessary. That is about that tariff collection in the Philippines.

Mr. LITTAUER. Yes. We have a case here, a judgment in connection with the Philippine tariff collection, \$71,000—that New York case. We have a letter here from the Department of Justice, saying, substantially, that so far as they are concerned they have dropped the case. Here is the letter:

DEPARTMENT OF JUSTICE,
Washington, February 23, 1907.

DEAR SIR: In relation to the judgment against the United States in favor of Warner Barnes & Company (Limited), for the sum of \$71,161.95, recovered in the Court of Claims on June 8, 1906, upon the mandate of the Supreme Court after that court had twice passed upon the questions involved, which amount I understand has been certified to your committee for payment, I beg to advise you that no further steps will be taken by the Department of Justice to contest the validity of this judgment. So far as the Department is concerned appropriation may be made for the same at any time.

Very respectfully, yours,

J. A. VAN ORSDER,
Assistant Attorney-General.

HON. JAMES A. TAWNEY,
Chairman Committee on Appropriations,
House of Representatives.

Secretary TAFT. It has not been declared by the Supreme Court to be unconstitutional. Oh, no. It is before the Court of Claims, and we are going to fight it to the death in the Supreme Court.

Mr. LITTAUER. We had better not pay this judgment, then?

Secretary TAFT. This particular judgment stands on a different basis. It is a judgment.

Mr. BRUNDIDGE. Nothing that can be done in the Supreme Court will affect this?

Secretary TAFT. Not at all. The Solicitor-General and the Assistant Attorney-General came to see me about it, and they asked me what I thought, whether it would hinder the other case or not, and I said "No;" that in the argument on the floor of the House, Mr. Chairman, with reference to the passage of this act, it was distinctly stated this would not affect the judgments already rendered.

Mr. BRUNDIDGE. Whether it would or not, the legislation was to affect the remainder of it, barring this judgment?

Secretary TAFT. It changed its character from that of a claim into that of a judgment, so that I think you ought to go ahead. It is a debt of honor of the Government and you ought to pay it. I told them that I thought they ought to pay that judgment.

Mr. GRAFF. This judgment was rendered before that?

Secretary TAFT. Yes; the judgment was rendered, and the judgment of the Court of Claims was rendered. The argument on the floor was that this was an attempt to set aside a judgment of the Supreme Court. The answer was, "No." This only gives the claims which are not in judgment a different character. It did not affect this at all. That is one of the objections that was made by the statement that it did not.

TUESDAY, *February 26, 1907.*

QUARTERMASTER'S DEPARTMENT.

STATEMENT OF COL. JAMES B. ALESHIRE, ASSISTANT QUARTERMASTER-GENERAL.

REGULAR SUPPLIES (again).

Mr. LITTAUER. Colonel, we want as much information as we can secure regarding the deficiency appropriation which you ask for under the head of Regular Supplies. We understand that part of the \$1,200,384.68 you ask for is for the Cuban purposes, and another part for the maneuvers. But here is this extra \$500,000—

Colonel ALESHIRE. Yesterday, as you know, I was here; and I think you understood that that \$649,000, because of the Cuban intervention, was in addition to the deficiency of approximately \$550,000 in the appropriation for regular supplies.

Mr. LITTAUER. Certainly. You ask for \$1,400,000, approximately, less \$200,000 that is coming in, so that your request is really for \$1,200,000. Of that \$1,400,000 \$250,000 is for maneuvers, \$650,000 for Cuba, and \$500,000 additional. What we want to get at is, What is this \$500,000 for?

Colonel ALESHIRE. The \$250,000 for maneuvers is included in the \$550,000.

Mr. LITTAUER. What \$550,000?

Colonel ALESHIRE. The items that make up the \$1,200,000 are these: \$103,763.82 for Cuba, and the estimate for the remainder of the year on account of Cuba is \$545,814.52, and—

Mr. LITTAUER. And that disposes, then, of approximately \$650,000? Colonel ALESHIRE. Yes.

• Mr. LITTAUER. Now go on from that.

Colonel ALESHIRE. Then we have an estimate of \$250,806.34 on account of maneuvers.

Mr. LITTAUER. And those added together make in round figures \$900,000.

Mr. TAWNEY. Maneuvers of what year?

Colonel ALESHIRE. 1906; last year. Then there is a reduction of \$500,000 in the estimate, which is added to that.

Mr. LITTAUER. In what estimate?

Colonel ALESHIRE. For the current fiscal year.

Mr. LITTAUER. Reduction made by whom?

Colonel ALESHIRE. By the Secretary.

Mr. LITTAUER. Then, in other words, you asked for \$5,500,000, but the Secretary submitted his estimate to Congress for \$5,000,000, which was allowed in the Army bill, and you have now gone on with your expenditures on the basis of \$5,500,000?

Colonel ALESHIRE. No, sir; not exactly that. Now, to this \$900,000 we add the amount \$500,000 by which our estimate was reduced, making \$1,400,000. From that we deduct \$200,000, which it is estimated we will receive from sales to officers, which leaves \$1,200,000. From that \$1,200,000, which is the total estimate, we deduct the \$649,000 on account of the Cuban intervention.

Mr. LITTAUER. But that brings you back again to what?

Colonel ALESHIRE. To \$550,000, which includes the \$250,000 on account of the maneuvers.

Mr. LITTAUER. But you put your figures up and then you take them down again. The way I see it is this: You begin by saying that the Cuban intervention cost \$103,700. Then there will be required in addition thereto for Cuba about \$546,000, and the maneuvers will cost \$250,000. There you have \$900,000. Then you want a deficiency for some general purposes of \$500,000, making a total of \$1,400,000. But you are going to receive \$200,000 from sales to officers, so that the deficiency you ask for is \$1,200,000. But what I want the explanation of is that \$500,000, and none of these other items.

Colonel ALESHIRE. As I understand it the expenses on account of the maneuvers are not objected to.

Mr. LITTAUER. None of those are objected to. The only item that we care for is this \$500,000 item.

Colonel ALESHIRE. But the \$500,000 that we are asking for includes this \$250,000 on account of the maneuvers.

Mr. TAWNEY. Then you have included the \$250,000 for maneuvers twice.

Mr. LITTAUER. There is the \$1,200,000 that you ask for. You are going to get in \$200,000. Now, check off the Cuban intervention item of \$650,000, which leaves \$750,000. Now, check off the \$250,000 for maneuvers, and you get back again to this \$500,00 that I want an explanation of.

Mr. TAWNEY. \$1,200,000 is what you asked for; \$200,000 is what you expect to get, which would increase your appropriation to \$1,400,000. Then from that is deducted the \$650,000 on account of

Cuba, which leaves \$750. Then, there is deducted \$250,000 for maneuvers, leaving \$500,000. Now, what is that \$500,000 for?

Colonel ALESHIRE. This \$1,200,000 that we have asked for is made up of \$649,000 on account of Cuban intervention—

Mr. TAWNEY. We know that.

Colonel ALESHIRE. Then, if we deduct that it leaves \$550,000, which includes the \$250,000 for maneuvers.

Mr. LITTAUER. Of course it includes the \$250,000, leaving you \$300,000, and you have not added to that \$300,000 the \$200,000 that you are going to get in from sales to officers. The question that we have to consider here is, simply, What do you need this \$500,000 for? If there had been no maneuvers, if there had been no Cuban intervention, all of these figures would have fallen out, and you would have them come to us for \$500,000 less the \$200,000 that you expect to get in.

Colonel ALESHIRE. That is \$300,000.

Mr. LITTAUER. Oh, no; that is \$500,000, because the \$200,000 would come in whether the Cuban intervention was there or not. The \$200,000 is for sales to officers.

Mr. TAWNEY. Mr. Littauer's suggestion is that this \$200,000 which you received from the sales to officers is the same as if you had received it from the Treasury in the form of an appropriation, and adds that much to your appropriation.

Colonel ALESHIRE. But that is to be deducted; and as Mr. Littauer has said, this \$900,000 would disappear. If we deduct that \$900,000 from the \$1,200,000 it leaves \$300,000.

Mr. LITTAUER. But you deduct \$900,000, not from \$1,200,000, because in making the figure \$1,200,000, you have already deducted the \$200,000. So I ask again, what is the need for this \$500,000; what are you going to do with it?

Colonel ALESHIRE. The explanation of this, at least in part, is, that there has been an increase in the cost of forage for the current year over the estimate which we made and which was based upon the past year.

Mr. LITTAUER. How much?

Colonel ALESHIRE. The increases in connection with the posts that we had time to look up were 15 cents a hundred pounds, as an average increase, and if we take that average increase on the entire amount of oats, approximately, it would give us \$150,000. So that the average increase in pay is about 10 cents, approximately.

Mr. LITTAUER. For what?

Colonel ALESHIRE. Per 100 pounds.

Mr. LITTAUER. That would be \$2 a ton?

Colonel ALESHIRE. Yes, sir; and the quantity that we purchased would be approximately 114 million pounds for the entire service.

Mr. LITTAUER. On what price are your figures regarding oats based?

Colonel ALESHIRE. On the last year price.

Mr. LITTAUER. Do you know what that is? What were your contracts in 1905 and 1906?

Colonel ALESHIRE. I have them for 1906 and 1907. At Fort Des Moines for 1906 the contract price for oats was \$1. For 1907, \$1.09½ per 90 pounds.

Mr. LITTAUER. How much was used there?

Colonel ALESHIRE. There was a regiment there most of the time; I do not remember exactly.

Mr. LITTAUER. About how many pounds?

Colonel ALESHIRE. I don't know the quantity delivered there. At Fort Leavenworth for 1896 it was \$1.10; 1907, \$1.12. Fort Miley, on the Pacific Coast, \$1.61 in 1906, and \$1.87 in 1907. Fort Riley, 1906, \$1.12; 1907, \$1.26. Fort Ethan Allen, 1906, \$1.26; 1907, \$1.34. Fort Sheridan, 1906, \$1.14½; 1907, \$1.47½. Then on coal—I have not had a chance to get at the approximate quantity of coal, but the prices for bituminous coal were, at Fort Leavenworth, in 1906, 15.1 cents; 1907, 20 cents. Fort Miley, 1906, 33 cents; 1907, 48 cents. Fort Riley, 1906, 18 cents; 1907, 19.5 cents. Fort Ethan Allen, 1906, 40 cents; 1907, 48 cents. Fort Sheridan, 1906, 21.4 cents; 1907, 24 cents.

Mr. LITTAUER. How much of the \$5,000,000 appropriated has been expended since the 1st of July, leaving out the Cuban matter and the maneuvers?

Colonel ALESHIRE. I haven't the data, but I can secure it and send it to the committee.

PAYMENT TO CHESAPEAKE AND POTOMAC TELEPHONE COMPANY.

**STATEMENT OF MR. D. S. PORTER, DIVISION MANAGER,
CHESAPEAKE AND POTOMAC TELEPHONE COMPANY.**

Mr. LITTAUER. This matter is a claim of some years' standing made by the Chesapeake and Potomac Telephone Company for telephone service rendered to the War Department. Explain it from your standpoint. You represent the company?

Mr. PORTER. Yes, sir; as division manager in charge of collections and contracts. This is a bill of the telephone company for rentals and service rendered to the War Department for the fiscal year 1904. This matter was before the committee at the first session of this Congress, but the hearings then disclosed the fact that there was some misapprehension as to the facts in the case, and you gentlemen kindly consented to take it up again and hear what we had to say in regard to it. There is not an item in this bill that is in dispute, not one. Some of these items are for one half of a line, the other half being paid for by the Treasury Department, or by the Navy Department. All the other Departments have paid their telephone bills for that year at the same rate.

Mr. LITTAUER. Did not the claim arise from the fact that there was some sort of figuring whether the wires went from the Department down to the station and back again?

Mr. PORTER. We charged a mileage for certain lines between the Treasury Department, for instance, and the War Department. That was solely for interdepartmental business, and was not connected with the switchboards in our general office.

Mr. LITTAUER. Is that in this claim?

Mr. PORTER. Yes, sir.

Mr. LITTAUER. That is all there is to it?

Mr. PORTER. Yes, sir.

Mr. LITTAUER. It is a claim; then, practically for a private wire?

Mr. PORTER. Yes, sir; which we installed and maintained between the Treasury Department and the War Department in the one case, and in another case between certain bureaus of the War Department, wholly for interdepartmental business.

Mr. LITTAUER. Did you have a contract for this service?

Mr. PORTER. Yes, sir; for that part of the service. That was made under a thoroughly understood arrangement with the officers of the War Department.

Mr. LITTAUER. Where did the difference arise; how was this deficiency incurred?

Mr. PORTER. Our bills were all payable quarterly. During that year, as I have found upon giving the most careful attention to this matter, there was a reorganization of the War Department, due to the fact that you gentlemen authorized the establishment of the General Staff. The War Department was always satisfied as to any item in which there could be any dispute, but they desired the company to split up their bills to the various bureaus that had use of our service. That thing went along with the matter hung up, I could hardly say disputed, but unsettled as to just how the deficiency should be met, and when it was finally settled it was found that they had expended all their contingent fund and could not pay the bill. As I say, all the other Departments, at the same rate, paid their bills, and this bill was divided up with the Navy Department and the Treasury Department, they paid their part of this bill.

Mr. LITTAUER. Was there any question about the charge to be made because of this independent line?

Mr. PORTER. No, sir.

Mr. LITTAUER. There was no question about the amount?

Mr. PORTER. There was no question.

Mr. LITTAUER. The deficiency arose simply because of the delay that occurred in dividing up the bills chargeable to the different bureaus?

Mr. PORTER. So I understand it. After the most careful examination of this matter—it began before my connection with the telephone company—that is my understanding.

Mr. LITTAUER. Have you ever had any dispute with the War Department in reference to this item?

Mr. PORTER. No, sir; the War Department has accepted every item, and after you gentlemen refused to report it at the last session a letter was written by Acting Secretary Oliver to the chairman of the Committee on Appropriations asking him to include it in the general deficiency bill as a just and reasonable claim.

Mr. LITTAUER. I got an impression that there was some dispute about this matter.

Mr. PORTER. I saw in Mr. Schofield's statement of the matter before you gentlemen something about a disputed item in regard to a wire to the house of an officer in the War Department. There is no mileage charge in this bill for any officer's house. We have a charge of \$50 per annum for a telephone at the house of Major Tweedale, and one at the house of General Dodge. Those are local charges under the act of June 30, 1898, under which this bill was rendered. All the items in this bill were incurred before those bills were rendered. There is not an item in the bill now in dispute, and the War Department is thoroughly satisfied with it all.

Mr. TAWNEY. These items were all included in the contract?

Mr. PORTER. No, sir; the item as to mileage was included in the contract, and according to the contract we did have to increase the stations and the service at a lesser rate in accordance with a decision of the Comptroller as to the proper construction to be put upon the act of June 30, 1898.

Mr. LITTAUER. How much does this bill amount to?

Mr. PORTER. \$3,180.10.

NAVY DEPARTMENT.

BUREAU OF NAVIGATION.

STATEMENT OF MR. EDWARD W. CALLAHAN, CHIEF CLERK BUREAU OF NAVIGATION.

TRANSPORTATION OF ENLISTED MEN AND APPRENTICES.

Mr. LITTAUER. You appear for the Bureau of Navigation?

Mr. CALLAHAN. Yes, sir.

Mr. LITTAUER. For transportation of enlisted men and apprentice seamen at home and abroad, with subsistence and transfers en route, or cash in lieu thereof, and so forth, \$75,000. You have had an appropriation of \$380,000 for 1907. Is it exhausted?

Mr. CALLAHAN. No, sir; it is not exhausted. In the last six months we have spent for transportation, the sending of men home on expiration of enlistment, about \$246,220.98. We find that an additional appropriation is necessary on account of the fact that railroad rates are very much less favorable than in former years.

Mr. LITTAUER. Railroad rates for the transportation of enlisted men?

Mr. CALLAHAN. Yes, sir. Formerly our rates were about 25 to 30 per cent less than those charged the public. This year we have not secured the same favorable rates from the railroads; as a matter of fact, we are practically paying the regular tariff rates with the exception of those charged to a few points in the southwest.

Mr. LITTAUER. How much difference will that make in the expenditures under this head; this withdrawal of the rebate?

Mr. CALLAHAN. It would probably increase the appropriation, I should say, 30 or 40 per cent, roughly calculated, although it would depend upon the points. Formerly to some points we had very much more favorable rates than others; for instance, we have had a very low rate to Cincinnati and to Norfolk, but we haven't at the present time.

Mr. LITTAUER. Then, you made a bargain with the railroad companies over certain routes for the transportation of your men, but to-day you make no bargain at all; you can not make any?

Mr. CALLAHAN. We could make them, but there is no need of doing that because the rates are practically the same as the tariff rates. In making a contract we would be restricted to a certain road, whereas if the rates are the same there is no necessity for sticking to one road.

Mr. LITTAUER. That would make a difference of at least 25 per cent you say?

Mr. CALLAHAN. I should say so.

Mr. LITTAUER. Twenty-five per cent of your appropriation would be about \$95,000?

Mr. CALLAHAN. Yes, sir.

Mr. LITTAUER. That is the main reason. Is there any other reason?

Mr. CALLAHAN. Yes, sir; there is another very apparent reason. About four years ago the Bureau began to establish recruiting offices at interior points in the country, and just about now we are discharging the four-year men. Their homes are at the interior points of the country, while formerly a great many men were enlisted along the seaboard.

Mr. TAWNEY. Let me ask you there, how rapidly are you enlisting in the Navy now?

Mr. CALLAHAN. Last year we had about 12,000 enlistments.

Mr. TAWNEY. How near are you up to the quota allowed by law?

Mr. CALLAHAN. We are about 5,000 short. We have about 32,000 men in the Navy now, and have allowances of \$7,000.

Mr. TAWNEY. That is, your full quota is 37,000.

Mr. CALLAHAN. Yes, sir. One reason, sir, for increasing the appropriation is that every effort is being made to recruit, and vigorously made, and it will be continued in the next six months.

BUREAU OF YARDS AND DOCKS.

STATEMENT OF MR. HARRY H. ROUSSEAU, CHIEF OF BUREAU.

GENERAL MAINTENANCE.

Mr. LITTAUER. For the general maintenance of yards and docks you want a deficiency of \$75,000. Why have you been unable to live within the appropriation made?

Mr. ROUSSEAU. There is no actual deficiency. It is only what the deficiency is estimated in case we continue to operate the navy-yards as they have been operated during the first part of the fiscal year.

Mr. LITTAUER. Your estimate for the current year was \$850,000, and you received that appropriation?

Mr. ROUSSEAU. Yes, sir.

Mr. LITTAUER. Has anything transpired since then that warrants you in the belief that you estimate too low?

Mr. ROUSSEAU. Yes, sir. In the first place, an additional amount was asked from the Naval Committee and it was not granted.

Mr. LITTAUER. Is that the basis for this estimate?

Mr. ROUSSEAU. A portion of it. The estimates are given in detail in the letter of December 13, 1906, from the Chief of the Bureau of Yards and Docks.

Mr. LITTAUER. That letter simply gives us the fact that the appropriation of \$850,000 has been made, and then gives what you have expended the money for?

Mr. ROUSSEAU. Yes, sir.

Mr. LITTAUER. Why should you not live within the appropriation made? It seems that this is one of the cases where the Department

or the Bureau received less than they wanted and now seeks to estimate for a deficiency.

Mr. ROUSSEAU. Yes, sir.

Mr. LITTAUER. While the law supposes that they shall conduct their operations so as to remain within the sum appropriated?

Mr. ROUSSEAU. That deficiency would have to be met in the same way that the current deficiency was met, by practically closing down a number of the navy-yards, discharging watchmen, stable keepers—a general closing down of the yards.

Mr. LITTAUER. Why do you open them so broadly, why do you not open them within the appropriation? You are given a certain amount of money to last during the year?

Mr. ROUSSEAU. This is the operating department of the Bureau of Yards and Docks and it has certain duties to perform laid down by the Regulations. Those Regulations require a certain amount of money, and in the past the Bureau has not had enough money to meet the Regulations.

Mr. LITTAUER. You follow the Naval Regulations without any consideration of the amount appropriated?

Mr. ROUSSEAU. No, sir.

Mr. LITTAUER. What does it amount to then?

Mr. ROUSSEAU. We have certain expenses to be met, such as operation of the power plants, and that has been increasing because we are operating at some of the navy-yards all of the different power plants which have not yet been consolidated.

Mr. LITTAUER. Are you unable to anticipate that you are going to run the power plants when you make up the estimates?

Mr. ROUSSEAU. No, sir; the estimates are based on running the power plants.

Mr. LITTAUER. It is simply a question of your coming here to secure an amount necessary to piece out what you think you ought to have to run the department according to the naval regulations or according to what your ideas are as to the way it should be run?

Mr. ROUSSEAU. Yes, sir.

Mr. LITTAUER. But you do not pay any attention to that, which we in charge of the deficiency bill are so particular to insist upon, that you must be guided by the amount which Congress appropriates?

Mr. ROUSSEAU. This deficiency of \$75,000 can be divided into three parts. About one-third is for the increase in the amount and cost of fuel and other items necessary for the operation of power, about one-third is for items such as the removal of snow from the navy-yards and additional expenses of that character, and about one-third is for items which can not be anticipated.

Mr. LITTAUER. What items?

Mr. ROUSSEAU. We received a telegram this morning from the commandant of the Puget Sound Navy-Yard stating that the water supply which had been obtained from wells was contaminated and had been condemned by the yard surgeon, and that unless he could be authorized to enter into a contract with the Bremerton Water Company, which has a pure supply outside the navy-yard, the yard would have to be closed.

Mr. LITTAUER. Where is that yard?

Mr. ROUSSEAU. At Puget Sound, Bremerton. That telegram came in this morning. That will cause an additional expense.

Mr. LITTAUER. How much?

Mr. ROUSSEAU. He asks for \$2,000.

Mr. LITTAUER. That is not a very considerable amount and you surely must have leeway of \$2,000 in an appropriation of \$850,000.

Mr. ROUSSEAU. That is one item; there are a great many. In addition there was last week a telegram from the Boston Navy-Yard asking for \$300 for clearing snow, saying that the yard was practically blocked; and there was another one from New York asking for \$300 to remove snow.

Mr. TAWNEY. Do you not estimate for contingencies of that kind in your regular annual estimates? Can not you reasonably anticipate that you are going to have snow to remove during the winter?

Mr. ROUSSEAU. We ought to be able to, but the maintenance appropriation has not been increased as it should have been in the past. In this whole matter there is no actual deficiency. It is the same as last year. There was no amount granted. I was at the Mare Island Yard, and we discharged watchmen, we discharged teamsters, and we discharged men that had been employed in the yard for twenty years.

Mr. LITTAUER. You start out with a certain force and when you find that you are running up against a deficiency you let the people go?

Mr. ROUSSEAU. This year the Naval Committee has given us a hundred thousand dollars more, and this is the last time this matter will come up.

Mr. TAWNEY. Is the increase made immediately available?

Mr. ROUSSEAU. Only after the 1st of July.

PENSACOLA, FLA., NAVY-YARD.

Mr. LITTAUER. As to the item "For contingent expenses that may arise at navy-yards and stations, \$75,000," that is a part of the same account?

Mr. ROUSSEAU. No, sir; that is entirely separate. That is due entirely to the hurricane at the Pensacola Navy-Yard, which occurred during the latter part of September, which flooded the yard, unroofed buildings, and destroyed every wharf there. This is an actual deficiency, which was authorized by the then Secretary of the Navy. There has been nearly \$96,000 allotted and spent there.

Mr. LITTAUER. Is it contemplated to restore all the damage that was done at Pensacola, which amounted to more than \$750,000.

Mr. ROUSSEAU. That was estimated by the commandant, but that included new construction which is not contemplated. These were the most urgent items necessary to restore the yard to its previous condition. \$60,000 has already been expended for material and labor, and \$17,000 has been allotted to labor, and the bills are now held up by the Treasury Department.

Mr. LITTAUER. This amount has been spent?

Mr. ROUSSEAU. Yes, sir; that is \$60,000 has been spent and the rest has been allotted to the yard for labor for this specific purpose.

Mr. LITTAUER. When you were before the Naval Committee this year did you ask for this allowance?

Mr. ROUSSEAU. I did not have an opportunity.

Mr. LITTAUER. Did anyone present the request for an extra appropriation under this item for the Bureau of Yards and Docks?

Mr. ROUSSEAU. The letter of December 27 is the only one, but I can not state definitely about that unless I make special inquiry, which I can do if you care to have the information.

Mr. LITTAUER. Was there in the naval bill now being considered an increased amount asked for under this head of appropriation for next year?

Mr. ROUSSEAU. No, sir. The estimates were made in August or September, before the hurricane. The estimates had been submitted by the Bureau before the hurricane.

Mr. LITTAUER. But many supplemental estimates are submitted?

Mr. ROUSSEAU. Yes, sir. The supplemental estimate did not go in until after this had been submitted.

Mr. LITTAUER. It is very difficult to understand why you ask for \$75,000 when the commandant has said that the amount of damage is so much greater. What is this appropriation for?

Mr. ROUSSEAU. We have sent in an estimate for the permanent repairs, and that is in the naval bill, \$200,000, under "repairs and preservation," but these obligations have already been incurred.

Mr. LITTAUER. Have you any list of what these items are, the \$60,000 plus the \$17,000 that you refer to?

Mr. ROUSSEAU. I have not with me, but I can submit a memorandum showing the requisitions for material and labor.

Mr. LITTAUER. The next item is "Navy-yard, Norfolk, Virginia: For steam drying room, St. Helena, \$4,000."

Mr. ROUSSEAU. That is under the Bureau of Navigation, and I have no information concerning it.

Mr. BRUNDIDGE. Can you tell the committee what injury or detriment will result to the service in the event that these two appropriations are not made?

Mr. ROUSSEAU. At the different navy-yards it will be necessary to shut down the operations the same as we did last year.

Mr. LITTAUER. Did any harm come last year?

Mr. ROUSSEAU. It was a great inconvenience, sir. In regard to the contingent fund—that is, to cover material which has already been purchased, and the bills are now at the Treasury.

Mr. LITTAUER. It has been purchased for Pensacola?

Mr. ROUSSEAU. Yes, sir; with the authority of the Secretary of the Navy. They were afraid of disease, and the yard was in a very precarious condition.

Mr. BRUNDIDGE. Was the \$75,000 needed in addition to the \$200,000 you got for restoring Pensacola?

Mr. ROUSSEAU. Yes, sir.

Mr. BRUNDIDGE. If the Naval Committee gave you \$200,000 to restore Pensacola, why did you not ask for \$275,000—the whole amount?

Mr. ROUSSEAU. This was to cover a deficiency in the contingent fund.

Mr. LIVINGSTON. What was the authority of law?

Mr. ROUSSEAU. The Secretary of the Navy has the authority.

Mr. LIVINGSTON. Which Secretary, Mr. Bonaparte?

Mr. ROUSSEAU. Yes, sir.

Mr. LITTAUER. What right had you to go ahead and incur these obligations for the contingent fund? Is there any statute which permits you to exceed the appropriation for the contingent expenses?

Mr. ROUSSEAU. I believe the head of the Department, the Secretary of the Navy, has the authority. He approved all these expenditures.

Mr. LITTAUER. You have \$30,000 for contingent expenses in the Bureau of Yards and Docks for the present year, and your estimate for next year is \$30,000?

Mr. ROUSSEAU. Yes, sir.

Mr. LITTAUER. In addition thereto you state that a specific item is in the naval bill for the coming year of \$200,000 or more to be applied to Pensacola?

Mr. ROUSSEAU. \$200,000; yes, sir.

Mr. LITTAUER. How do you come to ask for a deficiency in the contingent fund of \$75,000 already contracted for, how does that come to apply to the contingent fund?

Mr. LIVINGSTON. You are anticipating something, are you not?

Mr. ROUSSEAU. The yard, of course, was practically wrecked; it was flooded and there was nothing else to do but to try to save the property that was left.

Mr. TAWNEY. Do you know whether this appropriation was apportioned?

Mr. ROUSSEAU. No, sir; it is always held at the Bureau for emergency.

Mr. LITTAUER. What was the basis of this estimate?

Mr. ROUSSEAU. I submitted my estimate on the basis of the materials already contracted for.

Mr. LITTAUER. Has anyone made an estimate as to the \$200,000?

Mr. ROUSSEAU. That has been estimated by the yard. They asked for a great deal more than that. The commandant in his letter of October 17 asked for something like \$700,000, but that included new construction in addition to restoring.

Mr. TAWNEY. You have paid out of the contingent fund \$75,000 or contracted to pay that amount in order to make the necessary repairs in consequence of the damage done to the Pensacola Navy-Yard by reason of this storm?

Mr. ROUSSEAU. That is only for the most urgent repairs.

Mr. TAWNEY. The total cost of repairing the yard by reason of the storm would then equal \$275,000, this \$75,000 and the \$200,000 that you got from the Naval Committee?

Mr. ROUSSEAU. Yes, sir.

Mr. LITTAUER. The civil engineer estimates amount to \$220,875, while that of the commandant amounts to \$782,000, including a lot of new propositions?

Mr. ROUSSEAU. Yes, sir; those were the first estimates submitted within two weeks after the storm, and the estimate of the civil engineer that you mention of \$220,875 does not include very necessary items that came in afterwards. For instance, the dredging along the wharves. The commandant, in his letter of October 17, put that at \$100,000. It would not amount to that, and I had some trouble in making up my estimates from these different reports to find out the amounts that would be sufficient to restore the yard without reconstructing it.

Mr. LITTAUER. What do you usually spend the \$30,000 for contingent expenses for; such matters as shoveling snow and matters of that character?

Mr. ROUSSEAU. I have not a list of the expenditures.

Mr. LITTAUER. What are the contingent expenses of the Bureau of Yards and Docks, for which \$30,000 is usually appropriated?

Mr. ROUSSEAU. I have only been in the office about a month, and I regret that I am not as familiar with the details as I will be after I have been there longer, but, in general, I may say that it has been allotted to the outlying stations a great many times where they have had unusual expenses which could not be foreseen, and such expenses possibly as cleaning snow when there is nothing left under maintenance to do it or such expenses as may be approved by the Secretary of the Navy.

Mr. LITTAUER. All the expenditures are at outlying stations?

Mr. ROUSSEAU. The insular possessions. I would not say all of them.

Mr. TAWNEY. Has this appropriation been apportioned under the law? The law requires appropriations of this kind to be apportioned at the beginning of each fiscal year by monthly or other allotments, and that apportionment can not be waived except upon the happening of some extraordinary emergency or other unusual circumstance which can not be reasonably anticipated at the time of making the apportionment. I want to know whether the apportionment had been made during the fiscal year, and if it had been made, whether it was waived on account of the unexpected emergency happening at Pensacola?

Mr. ROUSSEAU. That is the only reason why there should be a deficiency. The apportionment is made and strictly adhered to under all yards and docks appropriations.

Mr. TAWNEY. In submitting your estimate for a deficiency that arose in consequence of the happening of an emergency that could not be foreseen, why do you not state the fact that the appropriation has been apportioned and that it has been waived, giving the reasons for the waiver?

Mr. ROUSSEAU. It should be done and I would like to submit such a statement, if the committee would care for it.

Mr. TAWNEY. It is too late, perhaps, now, but it should accompany the estimated deficiency, showing the reasons for it. The law expressly requires it, and in submitting your estimate for a deficiency you should always accompany it with the fact that the appropriation was apportioned and subsequently waived, and give the reasons for the waiver, so that Congress may determine whether or not you were justified in making the waiver.

Mr. ROUSSEAU. I see.

Mr. LITTAUER. This is not a contingent expense that you are seeking to make; it is an extraordinary happening that has taken place at the Pensacola Navy-Yard. Why do you ask for an increase in your contingent appropriation?

Mr. ROUSSEAU. Well, I presume it was thought that that was the proper appropriation.

MARINE CORPS.

STATEMENT OF COL. FRANK L. DENNY, QUARTERMASTER,
MARINE CORPS.

CLOTHING.

Mr. LITTAUER. For clothing for noncommissioned officers, musicians, and privates, you ask for a \$25,000 deficiency. How does that arise?

Colonel DENNY. It arose through the sending of the brigade of marines to Cuba, the fitting of those men out with tropical underwear, hats, shoes, socks, undershirts, drawers, and so forth. We had to take from the depot in Philadelphia the quantity that would have been sufficient, if they had not gone, for the whole corps for the rest of the fiscal year.

Mr. LITTAUER. You had to buy extraordinary clothing to meet this emergency in Cuba?

Colonel DENNY. That made a hole in the supplies in Philadelphia, and we had to fill it up.

Mr. LITTAUER. How much have you spent for that service?

Colonel DENNY. About \$24,700.

Mr. LITTAUER. How many men went down?

Colonel DENNY. We had 2,016 men. We have 1,012 now.

HIRE OF QUARTERS.

Mr. LITTAUER. The next is for hire of quarters for Marine Corps, including the same objects specified under this head of appropriation in the naval appropriation act for the fiscal year 1907, \$8,000.

Colonel DENNY. That is a little more intricate, Mr. Chairman. It is a case where last year we asked for an increase in our appropriation in the sum of \$8,000 plus, and through misunderstandings I am informed it was not incorporated in the regular estimates, although in our letter transmitting the estimates——

Mr. LITTAUER. Are you occupying the quarters now?

Colonel DENNY. Yes, sir.

Mr. LITTAUER. These additional quarters?

Colonel DENNY. That is the point I was going to make. I stated that sixty additional officers who were then under instructions at Annapolis were turned over to duty; there were not quarters enough for them, and we would have to hire more quarters. For that purpose \$8,640 was required. Under the law these officers who do not get quarters were entitled to hire of quarters. We are short exactly that sum—\$8,000. We have no deficiency, and we are not making a deficiency—we can not make a deficiency; but I am anticipating a deficiency—that is to say, if we do not get this sum we will have a deficiency of the officers who were entitled to this hire of quarters, and we will have to come next year.

Mr. LITTAUER. It is a regular statutory allowance.

Colonel DENNY. Oh, yes; it is the law.

Mr. LITTAUER. A contingent.

Colonel DENNY. The same thing applies in relation to Cuba. Out of the appropriation for "contingent" we bought household supplies for barracks and for tents, all kinds of tools, wagons, horses, and transportation of supplies of all sorts.

Mr. LITTAUER. Does Cuba require anything different from the usual supplies?

Colonel DENNY. Yes; the cost of transportation of supplies alone there by horses and railroads is over \$7,000. In addition to that we had to buy pots, pans, spoons, kettles, hoes, and axes.

Mr. LITTAUER. Was not your regular annual appropriation sufficient?

Colonel DENNY. No, sir; we never use it for that. We try to get along with what is required under usual conditions, and if the conditions are unusual we appeal to you.

There is a little item of \$133 there which I explained in my letter. That is simply to cover some little bills for transportation by railroad companies chiefly, where the bills came in after the money had lapsed into the Treasury. We had the money, but under the law it had to go into the Treasury.

DEPARTMENT OF JUSTICE.

STATEMENT OF MR. J. O. VAN ORSDEL, ASSISTANT ATTORNEY-GENERAL, ACCOMPANIED BY MR. O. J. FIELD, CHIEF CLERK; R. V. LA DOW, ASSISTANT GENERAL AGENT; E. M. KENNARD, CHIEF BOOKKEEPER, AND MR. J. J. GLOVER, CHIEF OF DIVISION OF ACCOUNTS.

RENT OF BUILDINGS AND PARTS OF BUILDINGS, DISTRICT OF COLUMBIA.

Mr. LITTAUER. The first item is rent of buildings and parts of buildings in the District of Columbia used by the Department of Justice, \$1,800.

Mr. FIELD. The plan is to submit to you a request for renting an additional building which is needed for the bureau under the Assistants Attorney-General.

Mr. LITTAUER. Does the item for furniture and repairs apply to that building?

Mr. VAN ORSDEL. I wish to say this, that this item, and the next item for one assistant messenger and one fireman at \$720, two charwomen at \$240 each, for the fiscal year ending June 30, 1908—those items there should all be considered together.

Mr. LITTAUER. We took that for granted. Where are you now located?

Mr. VAN ORSDEL. At No. 8 Jackson place, on the west side of Lafayette square, in a house.

Mr. LITTAUER. Separate from the Department?

Mr. VAN ORSDEL. Yes, sir.

Mr. LITTAUER. What is the reason that you desire a change?

Mr. VAN ORSDEL. We desire to get another house adjoining it and combine the two, for the reason that in the one house we haven't room enough to conduct our business.

Mr. LITTAUER. How much of an assistant force have you?

Mr. VAN ORSDEL. I have fourteen attorneys in the building, seven stenographers, and the docket clerk with his force, consisting, I think, of five additional assistants, together with three copyists.

Mr. LITTAUER. Under what law is provision made for this assistant force?

Mr. VAN ORSDEL. A number of those are assistant attorneys provided for by statute and regularly paid out of the regular appropriation. The balance of the force is employed out of the fund appropriated for the defense of suits against the Government, the fund of \$65,000 appropriated in the sundry civil bill. The reason for asking this increase is the necessity for more room. We have in every room where attorneys are working at least two in a room, and in some cases three. The work is increasing so that it will be necessary next year—

Mr. LITTAUER. No increase of appropriation has been made to carry on this work?

Mr. VAN ORSDEL. Yes, sir; an increase of \$10,000 was made this year in the sundry civil bill, and it is the intention to bring the work up. We are far behind there, and with the increase in force of attorneys it will of necessity require some increase in force of clerical help; and besides that the docket clerk has his offices in the basement, which is becoming so crowded that he will absolutely have to have more room.

Mr. LITTAUER. You have \$10,000 this year to carry on your work, but here you ask us for nearly \$5,000 more to house those people, to stretch out your work?

Mr. VAN ORSDEL. The Attorney-General, Mr. Bonaparte, and I have consulted with regard to the present condition. It is very bad.

Mr. LITTAUER. You have known that for some time past; why come here for a deficiency?

Mr. VAN ORSDEL. Well, we have increased the force a little in the last year, and we have put in extra men and had to crowd them up so in the rooms—you can readily understand, gentlemen, that with two or three attorneys working on different cases, on different kinds of business, and confined in one little room in a house, that when men are coming in and consulting with them regarding their cases, and when there are constant interruptions, and so on, that it is very difficult to properly transact business. They can not do the work properly nor as well as if they had sufficient room.

Mr. LITTAUER. That would be a proper argument to make before the subcommittee on the sundry civil bill, or the committee that makes provision for this matter.

Mr. FIELD. This matter was considered by Mr. Moody when the regular estimates were taken up, but on account of his leaving the Department in the fall, he wished the matter to go over for his successor to consider.

Mr. VAN ORSDEL. I wish to impress upon the committee the importance of having more room and better facilities there. I am satisfied that we can do very much better work and do much more of it if we are provided with the facilities that we should have.

Mr. TAWNEY. I want to say that the excuse for sending this in as a supplemental estimate would not satisfy the law prohibiting any supplemental estimates except on account of some extraordinary

emergency occurring after the regular estimates have been sent in, or because of its imminent necessity. We have a statute now which prohibits supplemental estimates being sent in except under conditions specified in the act. That was passed for the purpose of requiring all estimates for the next fiscal year to be included in the annual estimates in so far as the heads of departments knew of the necessities for the public service in advance for the coming fiscal year.

Mr. FIELD. This matter was under consideration at the time the regular estimates were prepared last fall, but it had not been fully determined whether to ask for it or not, and it was not decided until within the last month or two whether the conditions were such as to fully justify the Department in asking for an additional building.

Mr. VAN ORSDEL. It seems to me that the conditions are so manifestly imminent—

Mr. TAWNEY. But the conditions existing are the same as last fall, and this should have been included in the regular annual estimate.

Mr. VAN ORSDEL. The matter was taken up with Mr. Moody, and he preferred that it should be left for the incoming Attorney-General, Mr. Bonaparte, to decide.

Mr. LITTAUER. Does the item for "Miscellaneous expenditures, including telegraphing, fuel, lights, and so forth, \$3,000," also apply to the same building?

Mr. VAN ORSDEL. Yes. That whole sum of \$8,637.86 included in the five items is what it will take to meet the requirements.

PAYMENT OF EXPENSES, UNITED STATES COURTS AND OFFICERS.

Mr. LITTAUER. For payment of such miscellaneous expenses as may be authorized by the Attorney-General, for the United States courts and their officers, including the furnishing and collecting of evidence where the United States is or may be a party in interest, and moving of records, for fiscal years, as follows: 1905, \$50,000. Whence comes that deficiency?

Mr. GLOVER. Simply the increased expense incident to additional number of suits brought, and the character of them, requiring a larger expenditure.

Mr. LITTAUER. But you have made your estimate of \$475,000, which was the largest estimate ever made, and it was all given to you.

Mr. GLOVER. Yes, sir.

Mr. LITTAUER. How are these expenses incurred? Do you have any check over them at all, or are they simply accounts sent in?

Mr. GLOVER. Oh, no; they are adjusted in the division of which I am chief with great care.

Mr. LITTAUER. Do you apportion it?

Mr. GLOVER. No, sir; it is not apportioned. It was decided here by this committee that it was not an apportionable appropriation.

Mr. LITTAUER. These are miscellaneous expenses of the courts?

Mr. GLOVER. Yes, sir.

Mr. LITTAUER. What were your expenditures for the first six months?

Mr. KENNARD. We have not calculated them for the first six months.

Mr. LITTAUER. How can you calculate that you are going to be short \$50,000 then?

Mr. KENNARD. We base it upon the ascertained expenses of the fiscal year 1906, which were not ascertained at the time the estimates were made.

Mr. LITTAUER. But, then, the expenses for the fiscal year 1905 were before you?

Mr. KENNARD. Yes.

Mr. LITTAUER. How much did they increase last year?

Mr. KENNARD. In 1906 we expended the entire \$475,000, and we have reported here a deficiency of \$3,000.

Mr. LITTAUER. But why do you jump from that up to \$50,000 more?

Mr. KENNARD. Because the expenses are increasing.

Mr. LITTAUER. Not very much. The year before you expended \$500,000 and last year \$475,000.

Mr. KENNARD. When did we expend \$500,000?

Mr. LITTAUER. In 1905.

Mr. KENNARD. Do you mean appropriated?

Mr. LITTAUER. You asked for a deficiency of \$175,000. What is the reasoning upon which you come here now and ask us for \$50,000 extra?

Mr. KENNARD. We ask for \$50,000 deficiency because the ascertained expenses for the fiscal year 1906 are about \$480,000, and we anticipate an increased expense for 1907 over the expense for 1906; and in addition to that we must have a margin for advancing.

Mr. LITTAUER. Then you anticipate an additional increase?

Mr. KENNARD. Yes.

Mr. LITTAUER. Why?

Mr. KENNARD. Well, it is increasing all the time, and we have no expectation—we do not see any—

Mr. LITTAUER. I don't see where it is increasing all the time. Your appropriation for 1905 was \$500,000. For 1906 it was \$475,000.

Mr. GLOVER. That was not the expenditure. Have you the expenditures for 1905, Mr. Kennard?

Mr. KENNARD. The expenditure for 1905 was \$432,000.

Mr. GLOVER. There is an increase of \$50,000 right there between 1905 and 1906 of actual expenditures.

Mr. KENNARD. To be exact it was \$432,593. It would be very embarrassing indeed and seriously affect the interests of the Government if this appropriation became exhausted; and unless we have an emergency for advances it will become temporarily exhausted at least.

Mr. LITTAUER. I can not understand. You say you can not give the record of expenses up to the 1st of January?

Mr. GLOVER. The accounts for the December quarter are not yet settled.

Mr. LITTAUER. After a lapse of how many months?

Mr. GLOVER. I thought you were asking for the first half year of this fiscal year 1907?

Mr. LITTAUER. Yes. The first quarter extends from when?

Mr. GLOVER. From July to September 30.

Mr. LITTAUER. And the next one?

Mr. GLOVER. To December 31.

Mr. LITTAUER. And they are not yet settled?

Mr. GLOVER. No; and will not all go out of the division of ac-

counts of the Department of Justice until about the last of next month.

Mr. LITTAUER. So that the necessary expenses, we will say, for the last quarter of the year would not be a settled question for three months thereafter?

Mr. GLOVER. No.

Mr. LITTAUER. How can you be embarrassed by lack of funds?

Mr. GLOVER. We have to pay them as they accrue.

Mr. KENNARD. It has to be advanced.

Mr. LITTAUER. Do you parcel it out as quick as you get it?

Mr. KENNARD. Not unless we have to, and when there is urgent demand for it. And let me say right there that we have had to spend a large amount of money in the last quarter by telegraph.

SUPPLIES FOR UNITED STATES COURTS AND JUDICIAL OFFICERS.

Mr. LITTAUER. We will pass to the item for supplies for the United States courts and judicial officers to be expended under the direction of the Attorney-General. Your appropriation has been \$30,000 for many years, and here is a deficiency of \$20,000.

Mr. GLOVER. It is because of the legislation at the last session of Congress requiring us to furnish a lot of books. You will remember the proviso of last year. The books that we have already ordered will amount to that.

Mr. LITTAUER. What kind of books?

Mr. GLOVER. Dockets for clerks of the United States courts all over the country.

Mr. LITTAUER. Then this is an exceptional appropriation. Once you get these books, you ought to be able to get along from year to year with the ordinary amount.

Mr. GLOVER. Yes. However, we will have to have a larger appropriation from year to year because those books will be furnished hereafter out of that appropriation, but that, of course, will decrease the appropriation for miscellaneous expenses to a considerable extent.

Mr. TAWNEY. How many new courts have been established?

Mr. GLOVER. This is not for new courts. It is to put in the courts a set of books prescribed by the Department, and under a proviso attached to the appropriation bill a year ago.

RENT OF ROOMS FOR UNITED STATES COURTS AND JUDICIAL OFFICERS.

Mr. LITTAUER. For rent of rooms for the United States courts and judicial officers. The appropriation is \$95,000, and you want \$10,000 additional.

Mr. GLOVER. That is occasioned by the fact that the number of places holding court is increasing all the time.

Mr. LITTAUER. But we gave you the full estimate.

Mr. GLOVER. Since that time Congress has created more places for holding court, and rents are also increasing.

PAYMENT OF ASSISTANTS EMPLOYED IN SPECIAL CASES.

Mr. LITTAUER. For payment of assistants to Attorney-General and to the United States district attorney, employed by the Attorney-General to aid in special cases. This appropriation shall be avail-

able also for the payment of foreign counsel employed by the Attorney-General in special cases, and such counsel shall not be required to take oath of office in accordance with section 366 Revised Statutes of the United States. You ask for a deficiency appropriation of \$55,000. We gave you the full estimate.

Mr. KENNARD. We expended more than \$130,000 in 1906, under that appropriation.

Mr. LITTAUER. For 1906 you had an appropriation of \$130,000 and you ask for an additional \$20,000. What class of cases occasions this, do you know?

Mr. GLOVER. A great many classes of cases; a good deal of work done in connection with peonage matters.

Mr. FIELD. The Attorney-General, Mr Bonaparte, personally spoke at length on the estimate under this appropriation for the next year in connection with the sundry civil item, and his remarks at that time should be considered in connection with this. There are pending all the time a number of important cases in different parts of the country.

Mr. TAWNEY. Are these special assistant attorneys employed here in the city of Washington?

Mr. FIELD. No, sir; with few exceptions.

Mr. TAWNEY. Are they special assistant attorneys for which an estimate was submitted in consequence of the enforcement of the naturalization laws?

Mr. FIELD. No; that was a separate item.

Mr. LITTAUER. These are regular general special attorneys in important cases outside. I notice your estimate was \$125,000 for next year.

Mr. TAWNEY. Are not they paid out of the lump sum appropriation for the enforcement of the law in antitrust cases?

Mr. FIELD. There are special counsel employed in antitrust cases, but there are always a number of cases not coming under the antitrust laws in which it is necessary to employ special counsel.

Mr. LITTAUER. Is there much land-fraud prosecution under this?

Mr. FIELD. Yes; and these post-office cases here in the District and also the Greene-Gaynor case.

Mr. TAWNEY. We provided for the Greene-Gaynor case last year.

Mr. FIELD. I only mention that as to the class of cases.

Mr. KENNARD. It is still running, however.

FEES OF WITNESSES, JURORS, ETC.

Mr. LITTAUER. I notice that your requirements for fees of jurors, witnesses, and all that is increasing all the time. Do you think that the sums that you ask for here can not be cut down at all?

Mr. GLOVER. Not at all.

Mr. TAWNEY. As I understand it that is a matter which the Department has no control over the expenditure of.

Mr. GLOVER. Practically not at all. The amount that we have asked for in this appropriation may not be expended, but as we have explained, we have to have an emergency sum, and if we do not have a sufficient amount of money, some one marshal, or a dozen marshals, may want that money, and the witnesses may have been taken all around the country.

POST-OFFICE DEPARTMENT.

THE CLAIM OF THE DOREMUS MACHINE COMPANY.

STATEMENT OF MR. CHARLES M. WATERS, CHIEF DIVISION OF SALARIES AND ALLOWANCES.

Mr. LITTAUER. As we understand the Doremus Company's claim, the Department purchased a certain number of these machines and paid for them under a contract. It purchased a further number of machines that it has not yet paid for. The contract was for \$225, but the Department now considers that if it pays for the machines unpaid for at the rate of \$200 and deducts \$25 on each machine that it has paid for, it will be satisfying the terms of the contract.

Mr. WATERS. That was the decision.

Mr. LITTAUER. Give us the reasons.

Mr. WATERS. This whole business occurred before my time.

Mr. LITTAUER. We have to have exact information about this matter.

Mr. WATERS. As I understand it, this decision was reached by the Department after the receipt of a report by the post-office inspectors and it was really upon their recommendation that such action be taken.

Mr. LITTAUER. What were the reasons given? Let us understand, in the first place, whether there was a contract for these machines?

Mr. WATERS. Yes, sir.

Mr. LITTAUER. What was the rate stated in the contract?

Mr. WATERS. \$225.

Mr. LITTAUER. That was the contract price?

Mr. WATERS. Yes, sir.

Mr. LITTAUER. Now, please give us the reasons why the contract should not be lived up to?

Mr. WATERS. I will read this statement.

There is yet due the Doremus Machine Company about \$38,000—

It is \$38,250.

for machines furnished under an order dated May 6, 1902, this order being for 200 machines at \$225 each, of which we figure but 32 machines have been paid for. Our suggestion was then and is now that in settlement of this balance there should be deducted \$25 on each machine sold at the price of \$225.

As we figure the amount on the data in hand we find that there have been 282 machines paid for at the price of \$225. This at \$25 a machine makes a reduction of \$7,050. While our suggestion at that time did not go to the manner of deduction for machines paid for, we suggest that in payment of the machines furnished, installed, and in use for which settlement has not yet been made, there shall be issued an authorization for but \$200 a machine, which is the net price they expected to realize from those machines.

Mr. LITTAUER. There is the first reason, "which is the net price they expected to realize?"

Mr. WATERS. Yes, sir.

Mr. LITTAUER. Where did you get that from?

Mr. WATERS. I think that follows here.

We see no reason why they should profit by reason of the discovery of their corrupt bargain—and I am quoting now—with George W. Beavers, the Government

objecting to pay the price of his betrayal of the trust reposed in him to them; nor do we believe the Department should be held for money already paid on this unlawful contract.

Deductions were recommended to correspond with the figures given.

The testimony of the witnesses indicated above will be found in the full report of the trial—

Mr. LITTAUER (interrupting). Whose trial?

Mr. WATERS. The trial of George E. Green and others.

Mr. LITTAUER. George E. Green had a trial, but there was no conviction under that trial, so this statement was not proven.

Mr. WATERS. I think Mr. Beavers admitted it.

Mr. LITTAUER. You will have to give us that. Here was a man who was accused of a certain crime, but the trial acquitted him, so consequently the accusation falls?

Mr. WATERS. That is a question.

Mr. BRUNDIDGE. Did you ever offer to return the machines?

Mr. WATERS. No, sir; I do not think so.

Mr. LITTAUER. If it had been proven that Mr. Green had entered into the conspiracy that he was charged with, which, as I understand, was to give Mr. Beavers \$25 on the purchase of everyone of these machines, if that accusation were upheld, then that would be one phase of it, but now the accusation is made and disproven or not proven?

Mr. WATERS. It was not proven in court.

Mr. TAWNEY. Is this a deficiency or a claim?

Mr. WATERS. A deficiency.

Mr. TAWNEY. How does the deficiency arise?

Mr. WATERS. On account of the failure to pay this bill. We were ordered not to pay it pending the investigation.

Mr. TAWNEY. Now you propose to pay it?

Mr. WATERS. We suggest that as a compromise that \$27,000 be paid.

Mr. TAWNEY. Has the validity of this contract ever been contested in the courts?

Mr. WATERS. Not to my knowledge, sir.

Mr. LITTAUER. No one has ever questioned the validity of the contract?

Mr. WATERS. No, I do not think there is any question about the validity of the contract.

Mr. TAWNEY. If the contract is a valid contract, is it your duty then to pay for each machine the amount stipulated in the contract?—Do you need the \$27,000 to do that?

Mr. WATERS. No, sir. You might say it is a compromise suggested by the Postmaster-General. The contractors are claiming \$38,025, which was the full price of the machines. As a matter of fact, we have been using the machines ever since and they have done fair work, but we have not purchased any machines since those were purchased in 1902.

Mr. GRAFF. Does this deduction only involve a deduction of \$25 on each of the machines unpaid for?

Mr. WATERS. No, sir; it goes back; it covers all machines.

Mr. GRAFF. In other words, you make a deduction of \$25 on each of the machines already settled for?

Mr. WATERS. Yes, sir.

Mr. GRAFF. Including the machines that have not been paid for?

Mr. WATERS. Yes, sir.

Mr. TAWNEY. Out of what appropriation were the machines paid for?

Mr. WATERS. Out of the appropriation "for the purchase and rental of canceling machines."

Mr. TAWNEY. How much of that appropriation was turned back into the Treasury in consequence of the reduction?

Mr. WATERS. Very little. There was a balance of about \$3,400, I believe, and since then it has been used for other purposes. That includes the privilege, which we took advantage of, of transferring 5 per cent from one appropriation to another.

Mr. TAWNEY. If this amount is not allowed, the question stands between the Government and these contractors in this way, the contractors claiming to be entitled to \$38,250 and the Government claiming that it is liable for only \$27,000?

Mr. WATERS. Yes, sir.

Mr. TAWNEY. If the \$27,000 is appropriated, have you any assurance that you can settle the claim or the balance due on the contract?

Mr. WATERS. We have not gotten that far. We have addressed the attorneys to that effect, but they have never made any reply to our letter.

Mr. TAWNEY. Why do you not effect your settlement and come here with a definite amount necessary to complete the settlement?

Mr. WATERS. We were hurried for time and we could not compel the attorneys to reply.

Mr. TAWNEY. How long since you notified them that you were willing to pay \$27,000?

Mr. WATERS. On the 29th of January the Postmaster-General advised them.

Mr. GRAFF. What position did Mr. Green occupy in the company; was he an official?

Mr. WATERS. He was an officer, I believe. On July 17, 1906, Messrs. Thurston and Brown, who are the counsel for the Doremus Company, wrote a letter in which they said:

We ask for your advice in this matter. In case you do not propose to include this sum—

Speaking of the sum total, \$38,250—

in your recommendation for an appropriation it will be necessary for the Doremus Company to commence action in the Court of Claims.

Mr. BRUNDIDGE. You have no assurance that you can settle the claim for \$27,000?

Mr. WATERS. I do not know whether that would settle it or not.

Mr. BRUNDIDGE. And if the amount were appropriated you do not know whether it could be used or not?

Mr. WATERS. No, sir; this action was taken at the direction of the Postmaster-General.

**STATEMENT OF JOHN M. THURSTON, ESQ., COUNSEL FOR THE
DOREMUS MACHINE COMPANY.**

Mr. LITTAUER. Senator Thurston, you desire to be heard in connection with the Doremus Canceling Machine claim?

Mr. THURSTON: Yes, sir.

Mr. LITTAUER. We understand all about the general details of it, but we would like to have your position as to why you are entitled to a different compensation from what the Department recommends.

Mr. TAWNEY. Let me ask you, Senator, are you willing to accept the compromise offered by the Post-Office Department of \$27,000?

Mr. THURSTON. No; we could not do it at all.

Mr. TAWNEY. You claim that the contract was a valid contract?

Mr. THURSTON. There is no question about the contract being a valid contract.

Mr. TAWNEY. Your position is that your client is entitled to all the compensation provided for in that contract for these machines?

Mr. THURSTON. Undoubtedly. My client entered into two contracts, one of which was fully performed, and the other—

Mr. TAWNEY. You appreciate the fact, Senator, of course, that in a controversy of that kind with the Department on one side claiming that the Government is not liable for the consideration named in the contract, and the contractor on the other side claiming that it is, this committee could not settle the controversy by allowing or granting the amount claimed on either side. There is only one tribunal where your differences can be determined.

Mr. THURSTON. Of course there is only one tribunal where it can be determined, and that is the Court of Claims, if the Department will not pay it; but it would be, I think, entirely proper for this committee to allow the entire amount, or the amount necessary to settle that claim, and then if the Post-Office Department sees fit to undertake to pay us only in part what is due, we could go to the Court of Claims for the balance.

But the case, stated in a nutshell, is simply this: My client entered into two contracts, one of which was fully performed, and which represents the 282 machines which, under this letter from the Postmaster-General, had been received and retained and used and paid for at \$225 each. The second contract followed that, and called for 200 additional machines, 168 machines of which were delivered and had not been paid for at the time the Post-Office investigation opened up.

At that time it was charged that, in connection with these contracts as well as others, they had been secured by an unlawful agreement with George Beavers, who was chief of the division of salaries and allowances, under which he was to receive \$25 per machine for his supposed influence in securing the allowance of the contract and making things harmonious and easy in the Department.

Now, both Green and Doremus, the president and general manager of this company, were indicted under two different indictments. They were tried, and on the trial the attempt was made to show—I think

very poorly shown, however, shown by indirection—that such an agreement existed; and the charge was in these two indictments, first, conspiracy to defraud the Government by entering into this agreement, and, secondly, bribing an officer of the Government by entering into the agreement.

On both those indictments the defendants were acquitted, the jury remaining out of their seats only a few minutes and voting for not guilty, which I think was conceded at the time. The first ballot was 11 to 1, not guilty, and the second was all for not guilty; and so far the defendants stand free from any claim on the part of the Government that any corrupt agreement was entered into. The Government got these machines; they kept them; they used them; they never tendered them back, never offered to return them.

They have repudiated their agreement, and they still have them in use to-day. The testimony showed in that trial, and it was conceded, I think, by the Government—at least no answer was made to it—that \$225 was the lowest price for which any of these machines was ever sold. The Government got them at the same price as any other party would get them; that is, similar machines—that could not be similar in all respects, but they were substantially similar to those but used outside for other purposes.

There was no swelling of the price. There was no increased charge to the Government. The Government got the machines, and it looks to us as if this was an attempt on the part of the Post-Office Department, through the legislature of course, to punish us by the imposition of a fine for the offense which the jury in the case said we were not guilty of. If I should talk here without limit I could not say anything more than that in the case.

All these were appropriated for—of course you understand that—by general appropriation. Whatever money was not used in payment for them necessarily lapsed and went back into the Treasury, so that it is a case of reappropriation. And if you do not feel justified in appropriating in any other way, you could at least appropriate that whole amount, or as much as might be necessary to pay this claim, and let the Department—if the Department, after fully considering it, does not want to pay it in full—make such payment as they say is right, and then let us go to the Court of Claims for the balance. Otherwise your Post-Office Department is punishing us—

Mr. TAWNEY. I suppose the Department holds that you could recover only on the point of mere value?

Mr. THURSTON. It is hard to tell what they claim. I do not think that is what they claim at all, except by indirection.

Mr. TAWNEY. I understand that they claim that the contract was an invalid contract. If they establish that to the satisfaction of the court, you could not recover then on the contract. You would have to recover on the reasonable value of the property.

Mr. THURSTON. If they could substantiate that, yes; but I do not believe under the law it would ever go beyond a demurrer. But that is neither one way nor another for you gentlemen.

Mr. BRUNDIDGE. If they attempt to repudiate it upon the ground of fraud, and attempt to claim it was invalid on the ground of fraud, should they not at least have offered to return the machines on that plea?

Mr. THURSTON. Yes; and that is the reason why I say that question in the courts would not ever go beyond a demurrer. You can not buy a horse and claim you have been cheated and defrauded in the sale, and—

Mr. TAWNEY. You can not have your pie and eat it too?

Mr. THURSTON. No, sir.

Mr. BRUNDIDGE. Undoubtedly; I do not think there is any question about that.

Mr. THURSTON. I am much obliged, gentlemen, for this opportunity to tell you how I feel about it, anyway. I feel as if my clients had an almighty hard time, and they got punished a good deal in more ways than one for what the people and the jury said they were not guilty of, and I hate to see them fined now by the Department.

Mr. TAWNEY. In case you went to the Court of Claims, Senator, and got judgment, would you get judgment for the costs as well as the amount due? I am not at all familiar with the practice there.

Mr. THURSTON. I am not, either. I do not know.

Mr. BRUNDIDGE. I think so.

Mr. THURSTON. No; I do not think so.

Mr. BRUNDIDGE. Would you not get judgment for costs?

Mr. THURSTON. I do not know whether the Court of Claims awards costs or not.

Mr. BRUNDIDGE. A different rule, then, prevails there from what prevails in all other courts.

Mr. THURSTON. I have noticed a number of reports from the Court of Claims as to amounts of judgments that came up here to Congress, and I have been on a number of committees that acted upon them, and it occurs to me nothing was said except so much judgment. However, they may have included costs, but I do not know.

INLAND TRANSPORTATION BY STAR ROUTES.

STATEMENT OF MR. GEORGE F. STONE, CHIEF CLERK, OFFICE OF THE SECOND ASSISTANT POSTMASTER-GENERAL.

Mr. LITTAUER. The first item, page 78, is for inland transportation by star routes. For the fiscal year 1907 you ask for \$244,000 in addition to the \$7,250,000 that you already have.

Mr. STONE. The original estimate was made in August, 1905, and was based, in part, upon the assumption that the star service that could be discontinued during the fiscal year 1906 by reason of the establishment of rural delivery would be at the same rate as for the preceding year. But it proved to be less by \$153,000.

Mr. LITTAUER. Has there not been some legislation enacted that requires you to live within your appropriations in connection with this star-route service?

Mr. STONE. No, sir; the general law requires us to provide for this service in the transportation of mails. We do our best to live within the appropriation, but there are certain items that are entirely beyond our control, as, for instance, the reletting of contracts. When they expire must be relet.

Mr. LITTAUER. But you can discontinue some star service, can you not, in connection with the establishment of rural-delivery routes?

Mr. STONE. We are doing that right along.

Mr. LITTAUER. Has it been done fully?

Mr. STONE. Yes; we think so.

Mr. LITTAUER. Can you not do it to the further extent of \$244,000?

Mr. STONE. It is absolutely impossible, because part of that increase results from increased prices under the new contracts.

Mr. LITTAUER. Have you not been dropping off more than—

Mr. STONE. But we could not cut off as many as we expected based upon the preceding year. We have made extra effort to cut off all that was possible to cut off.

Mr. LITTAUER. Suppose we did not give you this appropriation?

Mr. STONE. The contractors who would have to perform the service at the end of the fiscal year would not receive their pay promptly. The appropriation would be exhausted, and the auditor would state the case—

Mr. TAWNEY. This is a contract obligation?

Mr. STONE. Yes, sir. A four year contract.

Mr. TAWNEY. I understand that it has been the policy not to duplicate the service.

Mr. STONE. That is true; and during the last part of last year we made a special effort to ascertain wherever the same route was traveled by the same carriers, the rural and the star, and to cut off all the star service that could be cut off. We made special efforts in that direction.

Mr. TAWNEY. I know that was your policy in my district.

INLAND TRANSPORTATION BY STEAMBOAT AND OTHER POWER-BOAT ROUTES.

Mr. LITTAUER. The next item is for inland mail transportation by steamboat and other power-boat routes, \$13,000.

Mr. STONE. That is explained entirely by the increased cost of reletting the contracts in the Far West, in the States and Territories west of the Mississippi River, excepting three, which went into effect on the 1st of July. Our original estimate allowed for an 8 per cent increase for reletting these contracts, but the increase proved to be 11.79 per cent, which is the amount asked for.

INLAND MAIL TRANSPORTATION BY RAILROAD ROUTES.

Mr. LITTAUER. The next is inland transportation by railroad routes. This includes a great many items that have come up in the debates lately as to the weighing of mails and the divisor with respect to the number of days weighed.

Mr. STONE. This deficiency is due solely to the increase in weights, which were shown at the last weighing in the fourth section covering the service west of the Mississippi River.

Mr. LITTAUER. This is all west of the Mississippi River?

Mr. STONE. Yes, sir. In submitting our original estimate we placed that item at an advance of 15 per cent. When the weights were taken they proved to be a 31 per cent advance.

Mr. LITTAUER. How much was the increased estimate?

Mr. STONE. Our estimated increase was 15 per cent, and that was based upon previous experience in the same section. It proved to be 31 per cent, which makes a difference of \$1,078,000.

Mr. TAWNEY. That is, there was a 31 per cent increase in the weights for the four-year period, while you estimated only 15 per cent.

Mr. STONE. Yes, sir.

Mr. TAWNEY. And the deficiency is the result of this increased weight.

Mr. STONE. Yes, sir.

SCREEN-WAGON SERVICE, W. C. WALSH COMPANY.

Mr. LITTAUER. We have a document here, No. 565, for compensation to W. C. Walsh Company in connection with the performance of screen-wagon service in the city of Chicago.

Mr. STONE. I am not prepared to answer as to that.

Mr. TAWNEY. Does that not come under your jurisdiction?

Mr. STONE. That would come under our office—yes. This is the service that was required of the contractor in the regulation wagon service in Chicago, and he performed it under protest on the ground that it was outside of his contract, and which the Department finally conceded. And it was recommended that this additional expenditure be granted on that ground. It is for supplying the service to the new Kinzie station in the city of Chicago.

Mr. LITTAUER. This was extraordinary service.

Mr. STONE. Yes, sir; that was not covered by the contract; at least, he performed it under protest, claiming that the supplying of that station was not covered by this contract, and it being eventually conceded, this recommendation is made for additional compensation.

Mr. LITTAUER. Is not this a case where the man refused to do the work, and the sureties had to step in and perform it?

Mr. STONE. No, sir; he performed it under protest.

Mr. LITTAUER. Have you no balance left over for 1906 that you can pay this from?

Mr. STONE. No, sir.

Mr. LITTAUER. Are you sure of your facts in connection with this matter?

Mr. STONE. Yes, sir.

Mr. LITTAUER. Where do you gather them from? Has the matter been brought to your attention before?

Mr. STONE. They appear upon the records of the office of the Second Assistant Postmaster-General, from which I come; and they were submitted to the Postmaster-General.

Mr. LITTAUER. We have a very great conflict of information with reference to these matters.

Mr. STONE. If you will allow me to make an explanation I think I can clear this up. It is a fact that the surety assumed all the service under that contract. Long prior to this transaction they were in performance of all the service there, but this is an additional item.

Mr. LITTAUER. Then the contract that was let to the Walsh Company was turned over to the surety company long before this, and this was an additional service which they performed under protest, and which your Department finally allowed.

Mr. STONE. Exactly.

Mr. LITTAUER. Why could you not pay this out of some appropriation that you have? It is only a little over \$11,000. Why does it come in as a deficiency? Have you no money available?

Mr. STONE. The regular appropriation could only be used to pay for obligations under contract. This having been shown to be outside of the contract, we have to send in a special estimate for it.

Mr. LITTAUER. Do you mean to say that this is the only item outside of the regular contracts made by the Post-Office Department?

Mr. STONE. I am speaking now of the regulation wagon service. We use the appropriation for regulation wagon service only to pay for contract obligations made in pursuance of law. This is an obligation outside of that contract service.

Mr. LITTAUER. And that is the only one that occurred during the year?

Mr. STONE. Yes, sir.

Mr. LITTAUER. It seems to me that your wagon service must have had a good many extensions.

Mr. STONE. If a new wagon service becomes necessary, we advertise and make contracts in the regular way.

Mr. LITTAUER. Do you not extend any of the old service during the year?

Mr. STONE. No, sir; the form of the contract for wagon service is a blanket form that permits of increased trips without increased pay between the points named in the original contract. This was a point outside of the original contract, and the contractor could not be required to go there. It is the only case of that kind in connection with that appropriation.

STAMPED ENVELOPES AND NEWSPAPER WRAPPERS.

STATEMENT OF MR. JAMES H. REEVE, CHIEF, DIVISION OF STAMPS.

Mr. LITTAUER. You appear in behalf of the item "For the manufacture of stamped envelopes and newspaper wrappers, \$50,000?"

Mr. REEVE. Yes, sir.

Mr. LITTAUER. Please explain the occasion for the deficiency?

Mr. REEVE. Yes, sir. I have a statement here which is brief. The appropriation for the fiscal year 1907 was \$1,075,000. There has been expended for the first seven months, up to January 31, \$622,076.85. The average amount expended per month for the seven months was \$88,868.12. The estimated amount at that rate for the next five months will be \$444,340.60, leaving a balance at that rate of \$8,582.55.

Mr. LITTAUER. You base this estimate upon the monthly expenditures during the last six months?

Mr. REEVE. Yes, sir.

Mr. LITTAUER. Do you carry a stock of the stamped envelopes and newspaper wrappers?

Mr. REEVE. We do not carry a stock; the contractors carry it.

Mr. LITTAUER. You only pay for the envelopes and wrappers as you order them away from the contractors' depot?

Mr. REEVE. Yes, sir; we pay them once a month.

Mr. LITTAUER. Suppose we did not give you this deficiency, what would happen then?

Mr. REEVE. We would have to shut down as we did in 1905 when we had no envelopes for seven days because the appropriation had expired. For seven days we issued no envelopes at all and there was a great hue and cry from the business interests of the country in consequence of being out of envelopes.

Mr. LITTAUER. These envelopes are distributed to the post-offices?

Mr. REEVE. Yes, sir.

Mr. LITTAUER. And when a man asks for a thousand dollars worth of envelopes you could send him \$600 worth?

Mr. REEVE. Yes, sir.

Mr. LITTAUER. That would satisfy his demand probably for thirty days or more?

Mr. REEVE. Yes, sir; we frequently do that. We have to do it sometimes.

Mr. TAWNEY. What were the receipts last year from the sale of these envelopes?

Mr. REEVE. I have not the figures for the receipts.

Mr. TAWNEY. How much above, if any, the appropriations?

Mr. REEVE. Last year?

Mr. TAWNEY. Yes, sir.

Mr. REEVE. \$80,000.

Mr. TAWNEY. Over and above the appropriation?

Mr. REEVE. Yes, sir.

Mr. TAWNEY. There was that much profit to the Government?

Mr. REEVE. Of course the profit to the Government is considerably above this; the amount that the Government receives is greatly above this. This is just simply the amount that we pay the contractors for manufacturing the envelopes.

Mr. TAWNEY. What I want to get at is how much more do you receive for the envelopes than the Government pays the contractors for the envelopes? You say there was \$80,000 more?

Mr. REEVE. The \$80,000 was the deficiency. I have not the figures here.

Mr. TAWNEY. Have you not ever noticed in the business of your office how much the Government receives in return for the envelopes it purchases from the manufacturers?

Mr. REEVE. We have that data at the office.

Mr. TAWNEY. Can you give us an approximate idea?

Mr. REEVE. I can not.

Mr. TAWNEY. Do you know what they are selling at?

Mr. REEVE. Yes, sir.

Mr. TAWNEY. Do you know what you pay for them?

Mr. REEVE. Yes, sir. We get \$21.80 a thousand for the envelopes that cost us to manufacture—I have forgotten the figures. I thought you just wanted me to explain the deficiency.

Mr. TAWNEY. I would naturally suppose that in the ordinary conduct of your business you would have observed the difference between what you are paying and what you are selling the envelopes for, and would know without referring to your books.

Mr. REEVE. I can not answer that question without referring to the books.

The statement submitted by Mr. Reeve follows:

Stamped envelopes.

Appropriation for fiscal year 1907.....	\$1, 075, 000. 00
Expended to January 31 (7 months).....	622, 078. 85
Balance remaining for expenditure to June 30 (5 months).....	452, 923. 15
Average expended per month for seven months	88, 868. 12
Estimated amount at that rate for five months.....	444, 340. 60
Leaving a balance at this rate of.....	8, 582. 55
But the expenditure for January was	102, 162. 44
If this rate continues for five months the expenditure will be.....	510, 812. 20
Leaving a deficiency of.....	57, 889. 05
Therefore, as a safety measure, a deficiency appropriation should be made in the sum of.....	50, 000. 00

Year.	Regular appro- priation.	Deficiency.	Total.
1903.....	\$716, 000. 00	\$40, 000. 00	\$756, 000. 00
1904.....	795, 000. 00	14, 000. 00	809, 000. 00
1905.....	850, 000. 00	10, 000. 00	860, 000. 00
1906.....	925, 000. 00	80, 000. 00	1, 005, 000. 00
1907.....	1, 075, 000. 00

At the close of the fiscal year 1905, in consequence of the appropriation becoming exhausted, it became necessary to discontinue the manufacture of envelopes for seven days. During that period business interests throughout the country were very greatly embarrassed, as the delay resulting in the supplying of stamped envelopes was about twenty days, and in case of requisitions from the west a longer time than that ensued between the receipt of requisitions and the shipment of stock.

MONDAY, *February 25, 1907.*

DEPARTMENT OF COMMERCE AND LABOR.

PRINTING AND BINDING, BUREAU OF CENSUS.

STATEMENT OF MR. S. N. D. NORTH, DIRECTOR OF THE CENSUS.

Mr. TAWNEY. Mr. North, we have a deficiency of \$10,000 in your printing.

Mr. NORTH. Yes, sir; it is a very simple little matter, Mr. Chairman.

Mr. TAWNEY. I will ask you first, before you explain how that deficiency arose, whether this is one of the appropriations that under the law would be apportioned at the beginning of the fiscal year so as to avoid a deficiency?

Mr. NORTH. We have incurred no deficiency, Mr. Chairman.

Mr. TAWNEY. Have you apportioned the appropriation?

Mr. NORTH. Well, no, sir; we get out our reports when they are ready. That is what you want us to do with them, of course.

Mr. TAWNEY. I know; but can not you at the beginning of the fiscal year apportion the appropriations so as to cover the cost of the various characters of work throughout the fiscal year?

Mr. NORTH. To an extent we do that, because we can run about so many reports through the printing office at one time.

Mr. TAWNEY. I observe, from examination of heads of departments and bureau chiefs here, that there has been an effort on their part to follow the spirit of the antideficiency law, but there has been

considerable laxity in the matter of following the letter of the law in so far as that law requires an apportionment to be made and then makes it mandatory that that apportionment shall not be waived so as to create a deficiency except upon some extraordinary emergency or other unusual circumstance.

Mr. NORTH. We have strictly complied with the spirit of that law because we have incurred no deficiency whatever. When our money for printing is exhausted we will simply suspend work until the new fiscal year. But we asked for \$135,000 last year and you gave us \$125,000. We have now, practically completed in our office some very important reports which we would like to get out while they are fresh and new, and which, unless we can get this \$10,000, we shall be obliged to postpone the printing of until the next fiscal year.

We have a report on leather goods, on textiles, on electrical apparatus, on lumber and timber products, on iron and steel, on chemicals, and on printing and publishing. They are ready, but we have apportioned our fund, and we will not send these reports to the printer until the next fiscal year unless we can get this \$10,000 out of which to pay for them. There is no deficiency created, as you see.

Mr. TAWNEY. I understand. Did you proceed to expend the appropriation which was allowed for this purpose on the basis of your estimate, and not upon the basis of the amount appropriated?

Mr. NORTH. Well, as reports were finished, we got estimates from the Government Printing Office as to their cost, and made allotments to each report. That we do with very great care, and find out in advance just how much each report is to cost us, apportioning the appropriation accordingly.

I do not think, sir, if you could see the bookkeeping on the printing appropriation of the Census Office that you would find any reason whatever to criticise it; and I assure that we do not propose to incur any deficiency.

Mr. TAWNEY. You simply mean to say that in order to print what you think ought to be printed you will require \$10,000 more than was appropriated for your Bureau?

Mr. NORTH. In order to print what Congress has authorized us to compile, and print it while it is fresh and new, in the present fiscal year, we will have to have that additional \$10,000. And you can see from the list that I have read to you that they are very important reports; and there is a very great demand for them, particularly in each industry, on the part of the men who are engaged in those industries. And we would like, since they are finished and ready for publication, to print them; but we shall not do it unless you tell us that we can.

TUESDAY, *February 26, 1907.*

OKLAHOMA CONSTITUTIONAL CONVENTION.

STATEMENT OF MR. ROBERT L. OWEN, OF MUSKOGEE, IND. T.

Mr. LITTAUER. As to this \$100,000 appropriated by the last session of Congress, who had the disposal of it; that is, whose power was it to say how much should be used for one purpose and how much for another?

Mr. OWEN. Chairman Bigsby on one side, and the governor of Oklahoma on the other. They expended \$52,000 for holding an election of delegates, and \$42,000 for expenses. It will require \$135,000 to clean that matter up.

Mr. LITTAUER. Why could they not get along with \$48,000 for the expenses of the convention?

Mr. OWEN. That matter was fully explained in the memorial, wherein it was shown exactly how it was expended. It required \$52,000 to hold the election.

Mr. LITTAUER. After they held the election, they then had \$48,000 with which to hold their convention, and, as I understand it, they are holding it yet?

Mr. OWEN. Yes.

Mr. LITTAUER. And if we give them money will they hold it forever?

Mr. OWEN. Mr. Littauer, I want to call your attention to the fact that it took New York ten months to make their constitution. They can not make their constitution down there by taking a pair of scissors and clipping it out of the Constitution of the United States without any discussion. To ask them to write a constitution in sixty days is asking them to do a little more than they can possibly accomplish.

Mr. LITTAUER. They must have known before they started that it would consume some time. Other States have gotten along with \$100,000, haven't they? How much was appropriated for the last two admitted States?

Mr. OWEN. They appropriated \$150,000 for New Mexico and Arizona, but of course it was not used. But we have a very difficult condition in Oklahoma. We have two Territories there with different sets of laws, a different people, with conflicting elements, and we are obliged to discuss all of these provisions that come up. We had a very difficult situation in regard to the prohibition matter.

The Indian Territory was made a prohibition territory by the Congress of the United States, while Oklahoma was an open-saloon territory. They had a rough-and-tumble fight there for weeks, and finally they have provided that the people of the whole State shall vote as to whether or not there shall be prohibition for the State or not. That means a flat defeat for the liquor element. And ever since that time the press has been full of matter declaring those people to be guilty of all sorts of excesses and extravagances and unworthy of public trust and confidence. They have been called wild-eyed anarchists, and it has been said that they have no respect for the rights of property. And yet, notwithstanding all this, those people are as conservative as can be found anywhere.

Mr. LITTAUER. Do you mean to say that all that has been published about these wild ideas down there is not a fact?

Mr. OWEN. I do; yes. I mean to say that so far as those people are charged with putting any wild ideas into the Constitution is concerned, it is not true. Of course, anything can be introduced by any individual member, and those things are to be expected. But the discussions have been grossly misrepresented.

Mr. TAWNEY. Is it a fact that they have disclaimed any of the Constitution of the United States?

Mr. OWEN. The idea that those people would disclaim any of the Constitution of the United States is absurd.

Mr. LITTAUER. Did they discuss it?

Mr. OWEN. I don't know what all of the discussion was because I was not present, but I know the men down there, and I know that they fully understand their obligations to the Constitution.

Mr. TAWNEY. Is this not a fact, that a great deal of their time is being consumed in the discussion of details of legislation which it is proposed to incorporate in the Constitution?

Mr. OWEN. I think that they have wasted some time discussing some matters which have proven to be matters of legislation, but the conservative element there I have no doubt will control that matter. But where you have 112 men from all over that State you are bound to have some men who will come in there and insist upon their ideas being discussed.

Mr. TAWNEY. Is it not also a fact that this is not interfering with the continuance of the convention, or will not interfere; and that the amounts which the members of the convention are entitled to by reason of their services and their expenses is being met by orders issued by the president of the convention, and that those orders are being bought up by bankers and other people?

Mr. OWEN. I don't know anything about that.

Mr. LITTAUER. They get a per diem.

Mr. OWEN. I think those people would be perfectly willing to have the expense cut down, so far as their own compensation is concerned. I do not think they care anything about that. I know that every man, practically, is making a sacrifice to be there; I know a number of them are.

Mr. TAWNEY. Would it be possible and practicable for us to incorporate a provision that in case anything was appropriated, the new State shall reimburse the Government for any expenditures under that appropriation?

Mr. OWEN. I do not think that there is any objection to this. I think they will be perfectly content if you will put in a provision, or modify it, so that they shall not be allowed a per diem after the constitutional convention.

Mr. LITTAUER. What is the estimated cost of the printing?

Mr. OWEN. \$80,000.

Mr. LITTAUER. What is that for?

Mr. OWEN. Printing the records of the convention. There were probably five or six hundred propositions submitted and each member has to be provided with them, and also the printing of the daily journal. This work is being divided among twenty-five or thirty offices; they have been carrying it on as expeditiously as they could. Every man that is there is making a personal sacrifice to be there.

Mr. LITTAUER. How many days do you think this convention will run?

Mr. OWEN. They have been in session about eighty days. I think they will conclude in about ten days. It will take about ninety days to complete the work.

These people have been grossly misrepresented in the press, and I do not think that judgment ought to be passed against them without knowing what the facts are.

I also wanted to call attention to the fact that the Indian Territory has no treasury or treasurer, and no organization and no way in which to pay these expenses excepting by private subscription.

Mr. LITTAUER. To pay this additional expense?

Mr. OWEN. Yes.

Mr. TAWNEY. Are you informed regarding the Territorial treasury of Oklahoma?

Mr. OWEN. I think so.

Mr. TAWNEY. What is the condition of that treasury?

Mr. OWEN. That money would not be available for this fund without a meeting of the legislature. I suppose the legislature might order a part of it——

Mr. LITTAUER. It seems to me that after the constitution is adopted you ought to pay the expense for your second election; it ought to come out of the treasury of the State. The expenses of the constitutional convention itself ought to be borne by the Government, unless they are excessive.

Mr. OWEN. I think that is right.

Mr. BRUNDIDGE. How much do you think will be required for that?

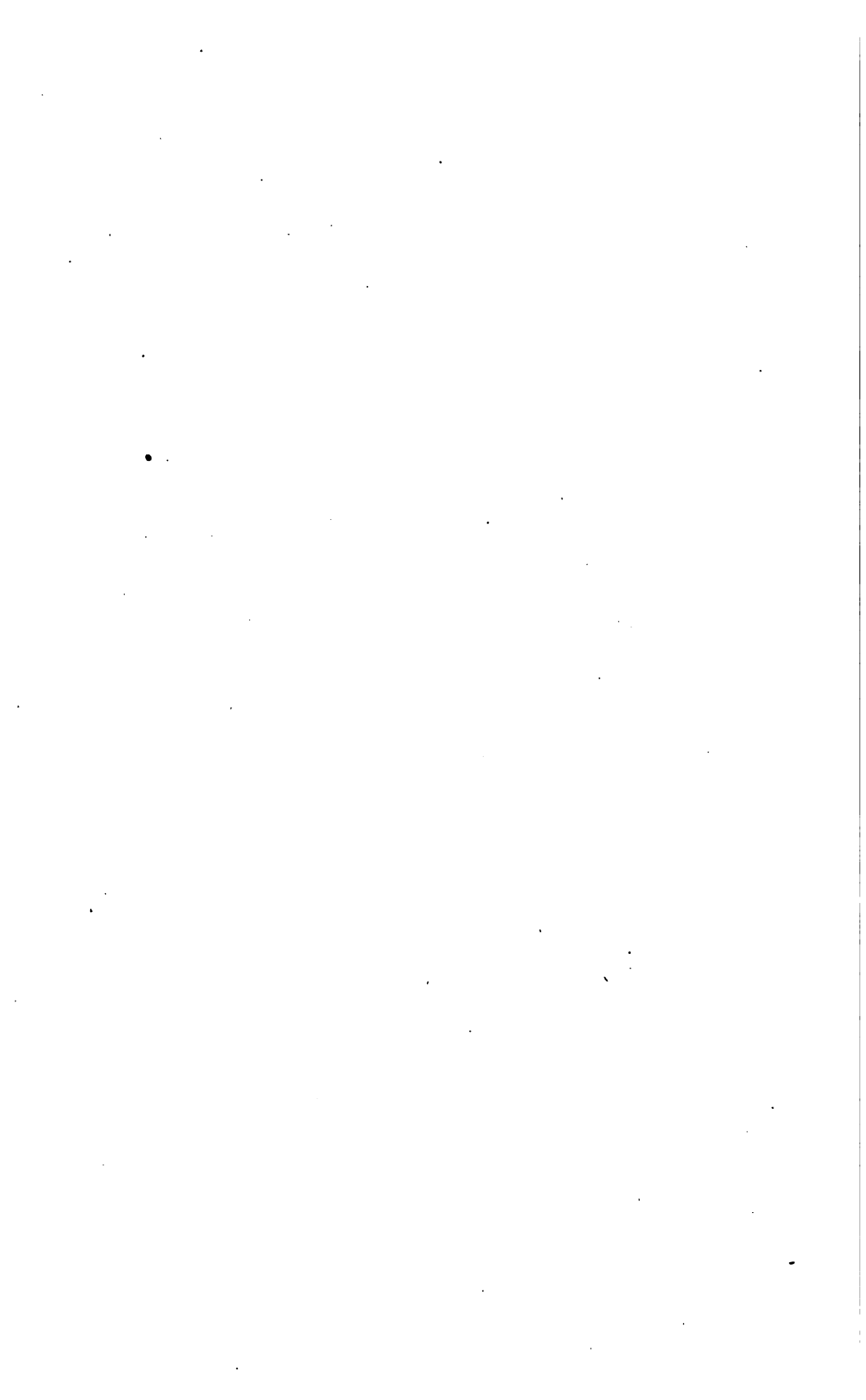
Mr. OWEN: \$135,240.

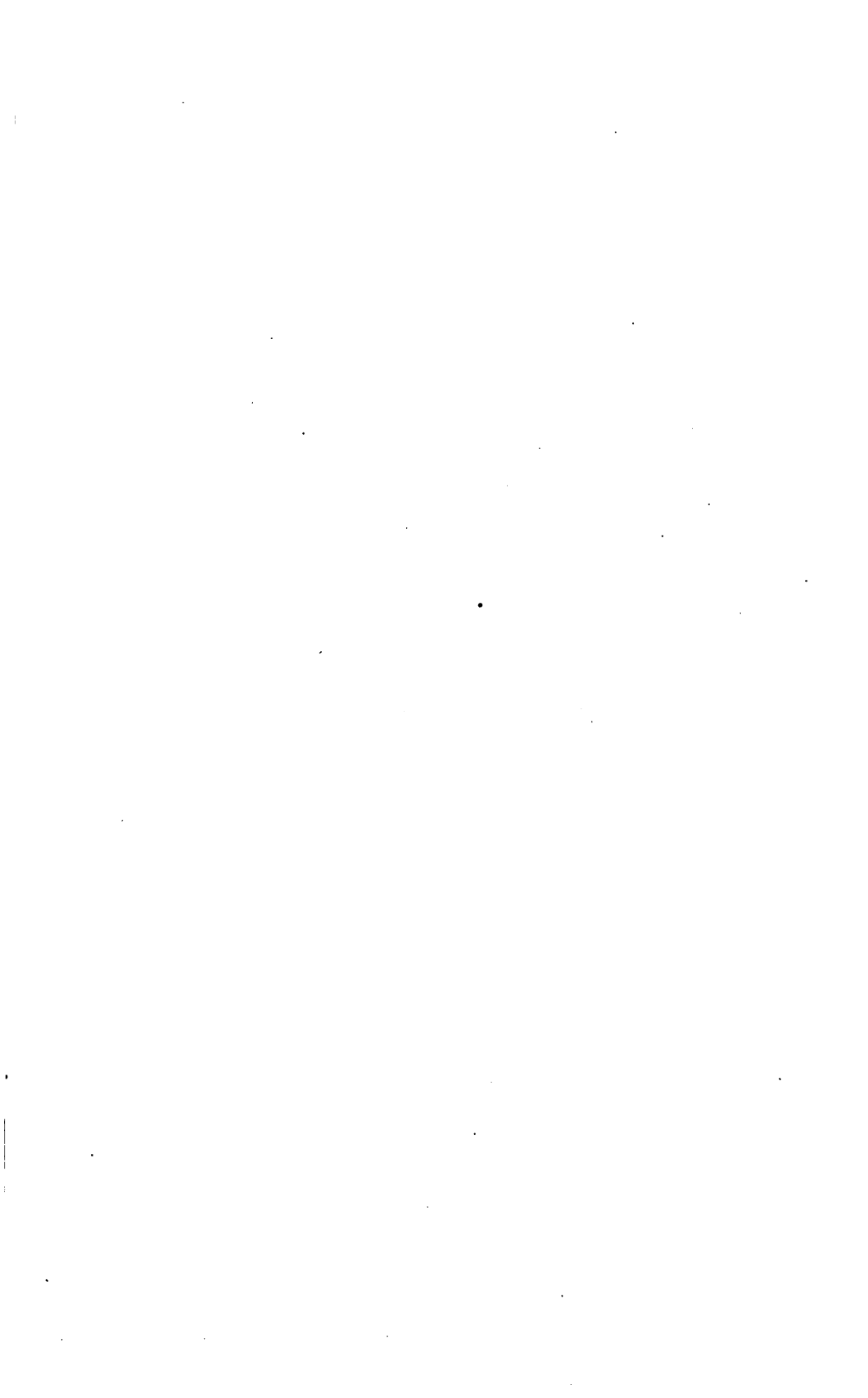
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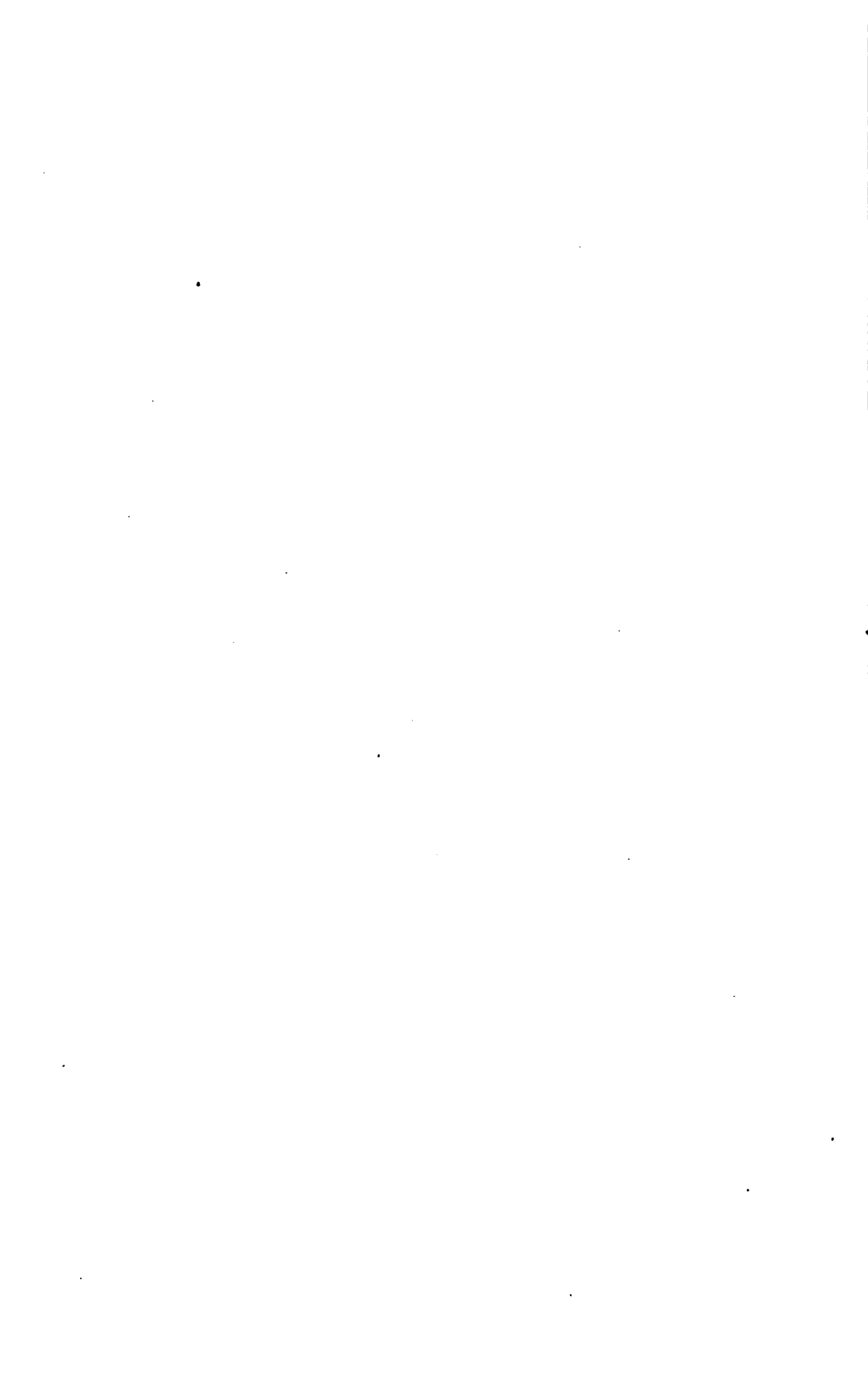
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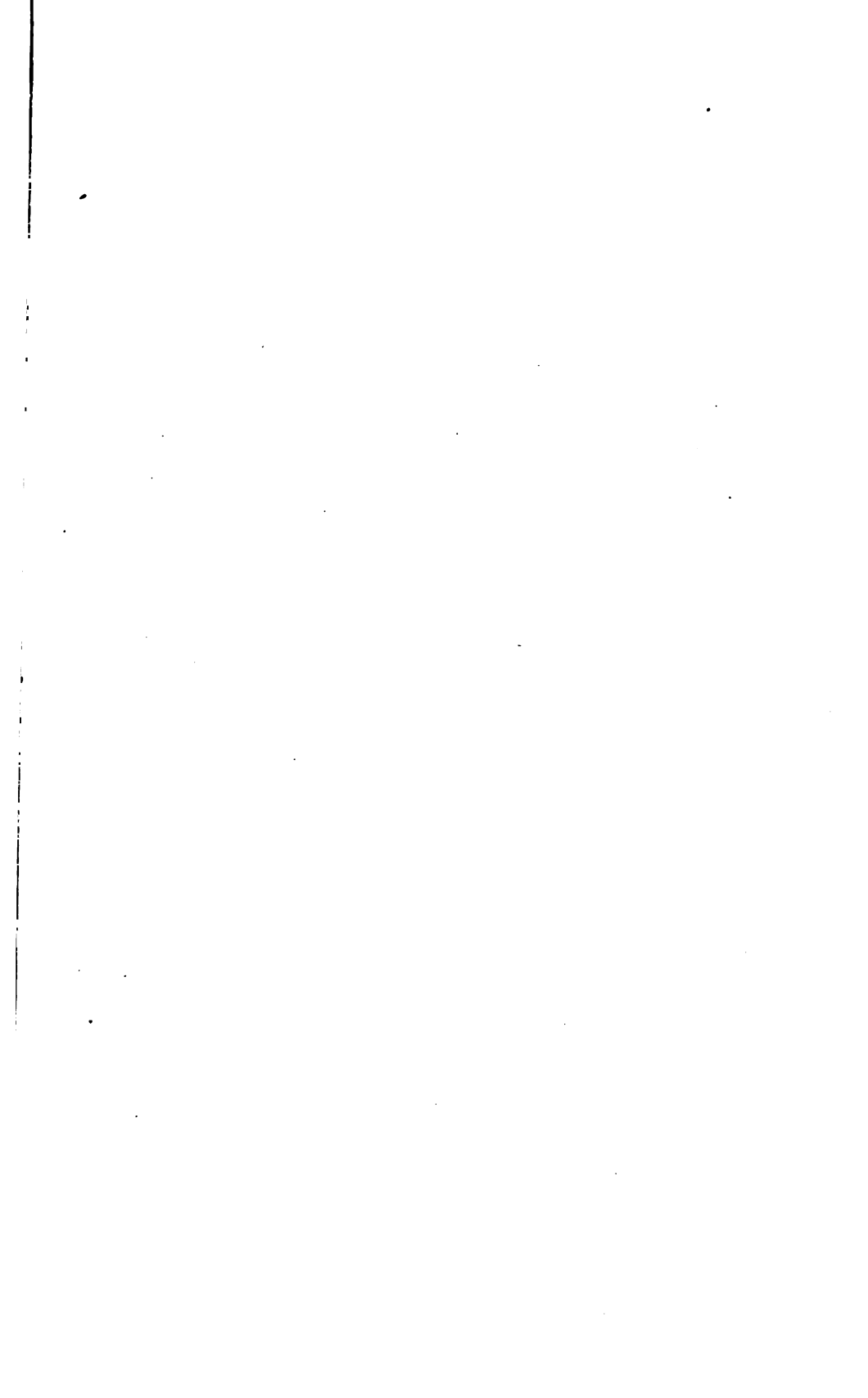


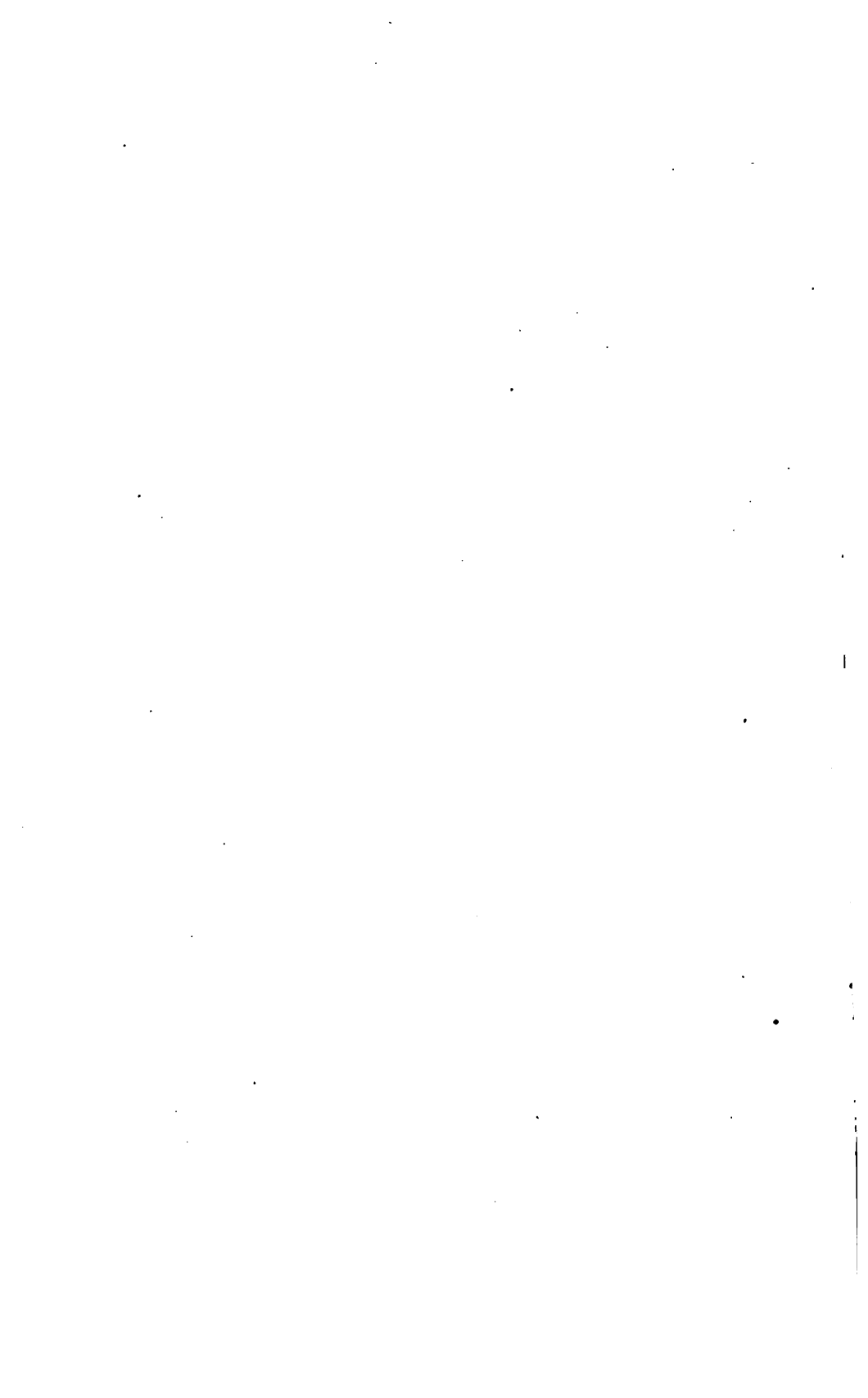


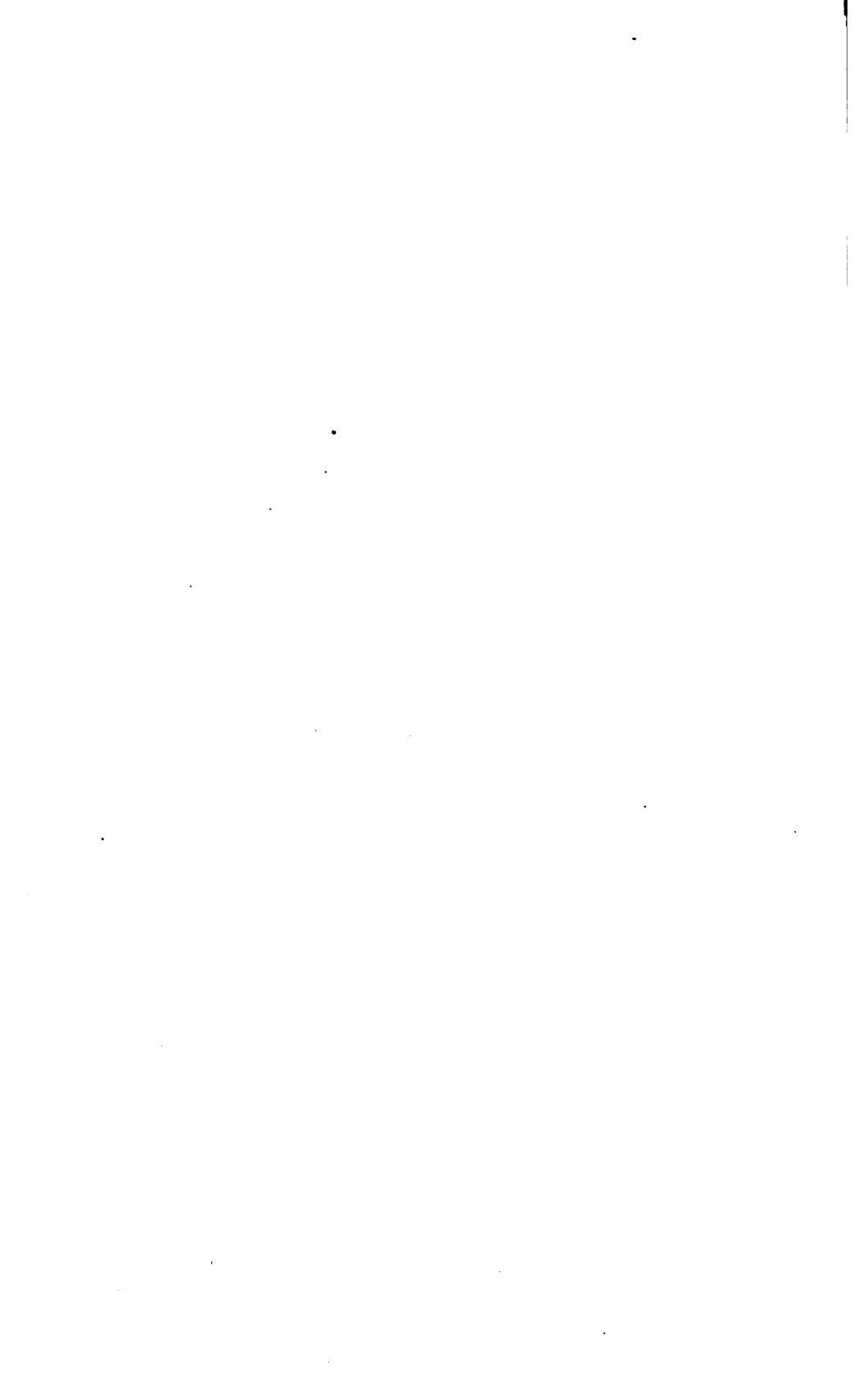
















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